

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid



Executive Director: Douglas Hendry

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23 June 2022

NOTICE OF MEETING

A meeting of the **ARGYLL AND BUTE COUNCIL** will be held **BY MS TEAMS** on **THURSDAY, 30 JUNE 2022** at **10:30 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST (IF ANY)

3. MINUTES

(a) Minute of Argyll and Bute Council 28 April 2022 (Pages 5 - 10)

(b) Minute of Argyll and Bute Council 19 May 2022 (Pages 11 - 28)

4. MINUTES OF COMMITTEES

(a) Environment, Development and Infrastructure Committee of 2 June 2022 (Pages 29 - 34)

(b) Policy and Resources Committee of 16 June 2022 (Pages 35 - 38)

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

5. LEADER'S REPORT

Report by Leader of the Council (Pages 39 - 44)

6. YEAR END REPORTS PACK 2021-22

Reports by Section 95 Officer

(a) COVERING REPORT AND UNAUDITED ANNUAL ACCOUNTS (Pages 45 - 196)

(b) REVENUE BUDGET MONITORING - FOR THE YEAR 2021-22 (Pages 197 - 206)

(c) EARMARKED RESERVES - 2021-22 YEAR-END (Pages 207 - 274)

(d) CAPITAL BUDGET MONITORING REPORT - 31 MARCH 2022 (Pages 275 - 302)

(e) ANNUAL TREASURY REPORT 2021-22 (Pages 303 - 316)

- (f) STRATEGIC HOUSING FUND ANNUAL REPORT 2021-22 (Pages 317 - 326)
7. **STRATEGIC HOUSING FUND APPLICATION - ISLE OF ULVA**
Report by Executive Director with responsibility for Development and Economic Growth (Pages 327 - 332)
 8. **UK SHARED PROSPERITY FUND - ARGYLL AND BUTE INVESTMENT PLAN**
Report by Executive Director with responsibility for Development and Economic Growth (Pages 333 - 338)
 9. **BID4OBAN - APPROVAL OF BALLOT SUBMISSION AND BUSINESS PLAN - THIRD BALLOT**
Report by Executive Director with responsibility for Development and Economic Growth (Pages 339 - 434)
 10. **LEVELLING UP FUND**
Report by Executive Director with responsibility for Development and Economic Growth (to follow)
 11. **ARGYLL AND BUTE COUNCIL GAELIC LANGUAGE PLAN**
Report by Executive Director with responsibility for Customer Services (Pages 435 - 440)
 12. **POLITICAL MANAGEMENT ARRANGEMENTS**
Report by Executive Director with responsibility for Legal and Regulatory Support (Pages 441 - 444)
 13. **CIVIC GOVERNMENT (SCOTLAND) ACT 1982: TAXI DRIVER/PRIVATE HIRE CAR DRIVER MEDICALS AND DELEGATION FOR SUSPENSION OF LICENCE**
Extract of Minute of PPSL Committee held on 23 March 2022 (Pages 445 - 452)
 14. **NOTICE OF MOTION UNDER STANDING ORDER 13**
Moved by Councillor MacPherson, seconded by Councillor Kain

That, in this month where we mark our Armed Forces contribution, this Council:

I. renews its commitment to the Armed Forces Covenant, which is based on the premise that those who serve or have served, and their families deserve respect, support and fair treatment. In particular, it states that: "Those who serve in the Armed Forces, whether regular or Reserve, those who have served in the past, and their families, should face no disadvantage compared to other citizens in the provision of public and commercial services. Special consideration is appropriate in some cases, especially for those who have given most such as the injured and the bereaved."

II. is proud to be Armed Forces friendly and recognises the enormous contribution and sacrifices that members of the Armed Forces and their families make every day for the safety and security of our country.

III. values the service of all British Armed Forces personnel, past and present, including those from Commonwealth Nations.

IV. Requests officers update members on what current support we offer our armed

forces and veterans and what more can be done to strengthen partnerships with the Armed Forces Community.

V. Asks that our Armed Forces and Veterans Champion, Provost Maurice Corry regularly updates members on the good work that the council is doing in this area.

ARGYLL AND BUTE COUNCIL

Contact: Sandra Campbell Tel: 01546 604401

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**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER,
KILMORY, LOCHGILPHEAD on THURSDAY, 28 APRIL 2022**

Present:

Councillor David Kinniburgh (Chair)

Councillor Jim Anderson	Councillor Liz McCabe
Councillor John Armour	Councillor Julie McKenzie
Councillor Gordon Blair	Councillor Roderick McCuish
Councillor Rory Colville	Councillor Yvonne McNeilly
Councillor Robin Currie	Councillor Jean Moffat
Councillor Mary-Jean Devon	Councillor Aileen Morton
Councillor Lorna Douglas	Councillor Gary Mulvaney
Councillor Jim Findlay	Councillor Iain Paterson
Councillor George Freeman	Councillor Gemma Penfold
Councillor Audrey Forrest	Councillor Alastair Redman
Councillor Kieron Green	Councillor Alan Reid
Councillor Graham Hardie	Councillor Elaine Robertson
Councillor Anne Horn	Councillor Richard Trail
Councillor Donald Kelly	Councillor Sandy Taylor
Councillor Jim Lynch	Councillor Andrew Vennard
Councillor Donald MacMillan BEM	

Attending:

Pippa Milne, Chief Executive
 Douglas Hendry, Executive Director
 Kirsty Flanagan, Executive Director
 David Logan, Head of Legal and Regulatory Support
 Fergus Murray, Head of Development and Economic Growth
 Jim Smith, Head of Roads and Infrastructure Services
 Patricia O'Neill, Governance Manager
 Dr Tim Allison, Director of Public Health, NHS Highland

Prior to commencing the formal Agenda, the Provost highlighted that today was International Workers Memorial Day - a day to remember those who have lost their lives in the course of their work, no matter what their role. Councils across Scotland commit to marking this day, as part of a commitment to remembering those who have passed and to ensuring that there are improvements to working life today. Here in Argyll and Bute, our flags would be lowered today, and two of our buildings, McCaig's Tower in Oban and Castle House in Dunoon, would be lit up in purple tonight, as a mark of remembrance and respect for International Workers Memorial Day 2022.

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Douglas Philand.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

- (a) The Minutes of the meeting of the Special Argyll and Bute Council held on 24 February 2022 were approved as a correct record.
- (b) The Minutes of the meeting of Argyll and Bute Council held on 24 February 2022 were approved as a correct record.
- (c) The Minutes of the meeting of the Special Argyll and Bute Council held on 21 April 2022 were approved as a correct record.

4. MINUTES OF COMMITTEES

(a) **Environment, Development and Infrastructure Committee of 3 March 2022**

The Minutes of the Environment, Development and Infrastructure Committee held on 3 March 2022 were noted.

(b) **Community Services Committee of 10 March 2022**

The Minutes of the Community Services Committee held on 10 March 2022 were noted.

5. LEADER'S REPORT

The Council considered a report outlining the Council Leader's activity during the period from 25 November 2021 to 14 April 2022. The report also included updates in relation of his Policy Lead portfolio.

The Leader then gave a vote of thanks to elected Members and Officers for their continued support and contribution over the course of this Council's term. He highlighted the many positive achievements and successes and wished everyone well for the future.

Decision

The Council -

1. The content of the report.
2. That any reports, briefings or copy correspondence referred to in the report could be requested as appropriate through the Leader Support Manager, noting that some confidential reports provided by external organisations, such as COSLA, may be restricted.

(Reference: Report by Leader of the Council dated 19 April 2022, submitted)

Councillor Gemma Penfold joined the meeting during consideration of the foregoing item.

6. POLICY LEADS REPORT

The Council considered a report providing an update on the key areas of activity for each Policy Lead Councillor since the last update provided to the Council at the meeting held on 25 November 2021.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead Councillors dated 19 April 2022, submitted)

7. NHS HIGHLAND DIRECTOR OF PUBLIC HEALTH ANNUAL REPORT 2021

The Council heard an informative presentation by Dr Tim Allison, Director of Public Health, together with a report on the issues of Mental Health and Suicide in the NHS Highland area. Members were then given the opportunity of asking questions and the Provost formally thanked Dr Allison for his presentation.

Decision

The Council -

1. Noted the Director of Public Health Annual Report.
2. Supported the recommendations laid out in the report.

(Reference: Presentation and NHS Highland Director of Public Health Annual Report 2021, submitted)

8. RECOMMENDATIONS FROM SHORT LIFE WORKING GROUP ON POLITICAL MANAGEMENT ARRANGEMENTS

The Council, at its meeting on 30 September 2021, endorsed a Best Practice review of current Political Management Arrangements and agreed to establish a Short Life Working Group which would review the current arrangements and work to make recommendation(s) to a new Council following the Local Government Elections in May 2022 regarding this matter.

The Council considered a report providing an outline of the work undertaken by the Short Life Working Group, and highlighting the areas which have been taken into consideration during the discussion.

Decision

The Council agreed to refer the findings of the Short Life Working Group to the first meeting of the new Council for consideration.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated February 2022, submitted)

9. ISLANDS PROGRAMME - PROGRAMME PROPOSALS 2022/23 ONWARDS

The Scottish Government have committed £4m against the Islands Programme for 2022/23. The Islands Programme will be delivered in partnership with local government to support locally developed critical infrastructure projects which involved local communities, helping to deliver the National Islands Plan Strategic Objectives and critical, transformational projects.

A report detailing the proposed Council projects for Argyll and Bute was considered.

Decision

The Council agreed –

1. That Officers progress developing options 1 to 7 and option 11 given these would best fit with the deliverability and criteria of the Islands Programme 2022/23.
2. A delegation to the Executive Director with responsibility for Economic Growth, in consultation with the Leader, Depute Leader, and Leader of the largest Opposition Group, to agree up to 5 Islands Programme projects to go forward for final submission by 10 June 2022. This delegation allows for Officers to further develop the options and also allows for discussion to be held with Scottish Future Trust regarding fit with criteria ensuring that Argyll and Bute are able to submit suitable bids.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated March 2022, submitted)

At this point Councillors Robin Currie and Andrew Vennard advised that they were both appointed to the Board of Allenergy by the Council. With reference to the updated Standards Commission Guidance in relation to declarations (issued on 7 December 2021) with specific reference to section 5.4(c), this would not be considered a relevant connection and they remained in the meeting during consideration of the following item.

10. LOCAL AUTHORITY COVID ECONOMIC RECOVERY FUND

Following the announcement of COSLA Leaders and Ministers in regard to the Local Authority COVID Economic Recovery Fund, the Council delegated the decision as to how this money would be spent to the Leader, Depute Leader and Leader of the largest Opposition Group.

The Council considered a report providing Members with detail of the options agreed. A further option for the continuation of 2 COVID Officers recommended to be paid from the monies within the Recovery and Renewal Fund was also included for Council approval.

Decision

The Council –

1. Noted the suite of options that have been agreed under delegation by the Leader, Depute Leader and Leader of the largest Opposition Group on 4 April 2020.
2. Approved that £70,000 of funding to support the continuation of 2 COVID Support Officers be funded from the Council's Recovery and Renewal Fund.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated March 2022, submitted)

11. EDUCATION (SCOTLAND) ACT 2016 - APPOINTMENT OF CHIEF EDUCATION OFFICER

A report updating Members on the appointment of a Chief Education Officer for Argyll and Bute Council following the retirement of Louise Connor was before the Council for information.

Decision

The Council noted the appointment of Jennifer Crocket as Chief Education Officer for Argyll and Bute Council.

(Reference: Report by Executive Director with responsibility for Education dated 16 February 2022, submitted)

12. VALEDICTORY ADDRESS

The Provost, as it was the last meeting in the life of the Council, gave his valedictory address. He highlighted some of the positive work the Council had achieved over the last 5 years. He thanked all Members of the Council for their work over the Council term and wished them well for the future. He paid tribute to two former members who had sadly passed away during the Council term and he also expressed his appreciation to the external Chair of the Audit and Scrutiny Committee and the Religious and Education representatives, who participated in the Community Services Committee.

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**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD on THURSDAY, 19 MAY 2022**

Present: Councillor Maurice Corry (Chair)

Councillor John Armour	Councillor Ian James MacQuire
Councillor Gordon Blair	Councillor Tommy MacPherson
Councillor Robin Currie	Councillor Jan Brown
Councillor Audrey Forrest	Councillor William Sinclair
Councillor Graham Hardie	Councillor Garret Corner
Councillor Kieron Green	Councillor Reeni Kennedy-Boyle
Councillor Donald Kelly	Councillor Paul Donald Kennedy
Councillor Jim Lynch	Councillor Ross Moreland
Councillor Liz McCabe	Councillor Andrew Kain
Councillor Yvonne McNeilly	Councillor Mark Irvine
Councillor Gary Mulvaney	Councillor Peter Wallace
Councillor Iain Paterson	Councillor Amanda Hampsey
Councillor Gemma Penfold	Councillor Willie Hume
Councillor Douglas Philand	Councillor Math Campbell-Sturgess
Councillor Andrew Vennard	Councillor Dougie McFadzean
Councillor John McAlpine	Councillor Daniel Hampsey
Councillor Luna Martin	Councillor Fiona Howard

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Kirsty Flanagan, Executive Director
David Logan, Head of Legal and Regulatory Support
Fiona Davies, Chief Officer, Health and Social Care Partnership
Fergus Murray, Head of Development and Economic Growth
Patricia O'Neill, Governance Manager
Shona Barton, Committee Manager

The Chief Executive, as Returning Officer, welcomed everyone to the first meeting of the new Council.

1. MEMBERS OF THE COUNCIL: REPORT BY RETURNING OFFICER

Consideration was given to a report from the Returning Officer detailing the persons who had been elected as Councillors for each of the 11 wards into which the Argyll and Bute Local Government Area is divided.

Decision

The Council noted the content of the report by the Returning Officer.

(Ref: Report by Returning Officer dated 5 May 2022, submitted)

2. ELECT PROVOST OF THE COUNCIL

The Chief Executive, as Returning Officer, invited nominations for election to the position of Provost of the Council.

Motion

Councillor John McAlpine nominated Councillor Maurice Corry for the position of Provost and this was seconded by Councillor Liz McCabe.

Amendment

Councillor Jim Lynch nominated Councillor Dougie Philand for the position of Provost and this was seconded by Councillor Audrey Forrest.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
Councillor Corry
Councillor Currie
Councillor Green
Councillor A Hampsey
Councillor D Hamspey
Councillor Hardie
Councillor Kain
Councillor Kennedy
Councillor MacPherson
Councillor McAlpine
Councillor McCabe
Councillor McNeilly
Councillor Moreland
Councillor Mulvaney
Councillor Penfold
Councillor Sinclair
Councillor Vennard
Councillor Wallace

Amendment

Councillor Armour
Councillor Blair
Councillor Brown
Councillor Campbell-Sturgess
Councillor Forrest
Councillor Howard
Councillor Hume
Councillor Irvine
Councillor Kelly
Councillor Kennedy-Boyle
Councillor Lynch
Councillor Martin
Councillor MacQuire
Councillor McFadzean
Councillor Paterson
Councillor Philand

Decision

The Motion was carried by 19 vote to 16 and the Council resolved accordingly.

The Returning Officer invited Councillor Maurice Corry to take the Chair as Provost of the Council.

The Provost thanked his colleagues for electing him as Provost of the Council and thanked them for their support.

3. APOLOGIES FOR ABSENCE

An apology for absence was intimated from Councillor Julie McKenzie.

4. DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest intimated.

5. ELECT DEPUTE PROVOST OF THE COUNCIL

The Provost invited nominations for the position of Depute Provost of the Council.

Motion

Councillor Yvonne McNeilly nominated Councillor Liz McCabe for the position of Depute Provost and this was seconded by Councillor Garrett Corner.

Amendment

Councillor Audrey Forrest nominated Councillor John Armour for the position of Depute Provost and this was seconded by Councillor Jim Lynch.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
Councillor Corry
Councillor Currie
Councillor Green
Councillor A Hampsey
Councillor D Hamspey
Councillor Hardie
Councillor Kain
Councillor Kennedy
Councillor MacPherson
Councillor McAlpine
Councillor McCabe
Councillor McNeilly
Councillor Moreland
Councillor Mulvaney
Councillor Penfold
Councillor Sinclair
Councillor Vennard
Councillor Wallace

Amendment

Councillor Armour
Councillor Blair
Councillor Brown
Councillor Campbell-Sturgess
Councillor Forrest
Councillor Howard
Councillor Hume
Councillor Irvine
Councillor Kelly
Councillor Kennedy-Boyle
Councillor Lynch
Councillor Martin
Councillor MacQuire
Councillor McFadzean
Councillor Paterson
Councillor Philand

Decision

The Motion was carried by 19 votes to 16 and the Council resolved accordingly.

The Provost invited Councillor Liz McCabe to take her seat as Depute Provost.

6. ELECT THE LEADER OF THE COUNCIL

The Provost invited nominations for the position of Leader of the Council.

Motion

Councillor Tommy MacPherson nominated Councillor Robin Currie for the position of Leader of the Council and this was seconded by Councillor William Sinclair.

Amendment

Councillor Audrey Forrest nominated Councillor Jim Lynch for the position of Leader of the Council and this was seconded by Councillor Dougie Philand.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
Councillor Corry
Councillor Currie
Councillor Green

Amendment

Councillor Armour
Councillor Blair
Councillor Brown
Councillor Campbell-Sturgess

Councillor A Hampsey
Councillor D Hamspey
Councillor Hardie
Councillor Kain
Councillor Kennedy
Councillor MacPherson
Councillor McAlpine
Councillor McCabe
Councillor McNeilly
Councillor Moreland
Councillor Mulvaney
Councillor Penfold
Councillor Sinclair
Councillor Vennard
Councillor Wallace

Councillor Forrest
Councillor Howard
Councillor Hume
Councillor Irvine
Councillor Kelly
Councillor Kennedy-Boyle
Councillor Lynch
Councillor Martin
Councillor MacQuire
Councillor McFadzean
Councillor Paterson
Councillor Philand

Decision

The Motion was carried by 19 vote to 16 and the Council resolved accordingly.

7. ELECT DEPUTE LEADER OF THE COUNCIL

The Provost invited nominations for the position of Depute Leader of the Council.

Motion

Councillor Kieron Green nominated Councillor Gary Mulvaney for the position of Depute Leader of the Council and this was seconded by Councillor Liz McCabe.

Amendment

Councillor Jim Lynch nominated Councillor Audrey Forrest for the position of Depute Leader of the Council and this was seconded by Councillor John Armour.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
Councillor Corry
Councillor Currie
Councillor Green
Councillor A Hampsey
Councillor D Hamspey
Councillor Hardie
Councillor Kain
Councillor Kennedy
Councillor MacPherson
Councillor McAlpine
Councillor McCabe
Councillor McNeilly
Councillor Moreland
Councillor Mulvaney
Councillor Penfold
Councillor Sinclair
Councillor Vennard
Councillor Wallace

Amendment

Councillor Armour
Councillor Blair
Councillor Brown
Councillor Campbell-Sturgess
Councillor Forrest
Councillor Howard
Councillor Hume
Councillor Irvine
Councillor Kelly
Councillor Kennedy-Boyle
Councillor Lynch
Councillor Martin
Councillor MacQuire
Councillor McFadzean
Councillor Paterson
Councillor Philand

Decision

The Motion was carried by 19 votes to 16 and the Council resolved accordingly.

8. COMPOSITION OF THE COUNCIL

A report which provided the Council with information on its composition in terms of the formation of groups of Councillors following the election on 5 May 2022 was given consideration.

The Executive Director had previously circulated an updated document detailing the current Political Composition of the Council.

Decision

The Council noted the terms of the report and the updated political composition of the Council.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

9. COUNCIL CONSTITUTION

The Council were invited to adopt the following parts of the Council Constitution Pro Tem:-

- a) Constitution
- b) Standing Orders for Meetings
- c) Scheme of Administration and Delegations
- d) Financial and Security Regulations
- e) Contract Standing Orders
- f) Ethical Framework
- g) Scheme of Approved Duties

Decision

The Council:-

1. Adopted the current Standing Orders for meetings for the purpose of regulating the proceedings at Council and Committee meetings.
2. Requested the Executive Director with responsibility for Legal and Regulatory Support to bring a report before the Council as necessary in relation to any revisions that may be required arising from any subsequent decisions of the Council at this meeting.
3. Adopted pro tem the current:
 - Scheme of Administration and Delegations
 - Financial and Security Regulations
 - Contract Standing Orders
 - Ethical Framework
 - Scheme of Approved Duties

all as outlined in the Council Constitution previously provided to all Elected Members from the following link: <https://www.argyll-bute.gov.uk/constitution>

4. Further requested the Executive Director with responsibility for Legal and Regulatory Support to implement the decisions that the Council takes subsequently at this meeting, with particular

reference to the Council's Political Management Arrangements considered at item 10 on the agenda.

10. POLITICAL MANAGEMENT ARRANGEMENTS

The Council gave consideration to a report which outlined the work undertaken by the Short Life Working Group on Political Management Arrangements and highlighted areas which were taken into consideration during discussions. The report also detailed the conclusions reached by the Short Life Working Group for consideration by the Council.

Motion

Argyll and Bute Council, 19th May 2022 - Item 10 - Motion - Political Management Arrangements

The Council:

1. Notes the recommendations of the Short Life Working Group (SLWG) on Political Management Arrangements and agrees that the current committee structure and remits will continue.
2. Notes the appointment of Policy Lead Councillors as set out in the table at Appendix 1.
3. Appoints the Administration members, Chairs and Vice Chairs of the following committees, as set out in the table at Appendix 2, noting that these appointments have, as appropriate, regard to the political balance of the Council:
 - Audit and Scrutiny - 3 Administration members
 - Community Services - 9 Administration members
 - Environment, Development and Infrastructure - 9 Administration members
 - Policy and Resources - 9 Administration members
 - Planning, Protective Services and Licensing - 8 Administration members nominated to Regulatory Cohort of 15
 - Argyll and Bute Harbour Board - 5 Administration members
 - Argyll Islands Sounding Board - 6 Administration members
4. Appoints the Chairs and Vice Chairs of the following committees: Bute and Cowal Area Committee; Helensburgh and Lomond Area Committee; Mid Argyll, Kintyre and the Islands Area Committee; Oban, Lorn and the Isles Area Committee, as set out at Appendix 3.
5. Again having regard to political balance, invites the Leader of the SNP Group and the remaining non-Administration councillors to nominate members to sit on the following committees, noting that for the strategic committees this would constitute a 9-5-2 allocation (9 Administration, 5 SNP, 2 other)
 - Audit and Scrutiny - 3 spaces in total, and invites nomination for Vice-Chair to be notified to the Executive Director with responsibility for Legal and Regulatory Support
 - Community Services - 7 spaces in total
 - Environment, Development and Infrastructure - 7 spaces in total
 - Policy and Resources - 7 spaces in total
 - Planning, Protective Services and Licensing - 7 spaces in total
 - Argyll and Bute Harbour Board - 3 spaces in total
 - Argyll Islands Sounding Board - 4 spaces in total
6. Appoints Cllr Maurice Corry as the council's Armed Forces Champion.
7. Appoints four area-based Children's Champions (who will also sit on the Argyll and Bute Corporate Parenting Board) as follows:
 - Bute and Cowal - invites nominations from the Opposition groups (Cllr Audrey Forrest)
 - Helensburgh and Lomond - Cllr Graham Hardie

- Mid Argyll, Kintyre and the Islands - invites nominations from the Opposition groups (Cllr Dougie McFadzean)
 - Oban, Lorn and the Isles - Cllr Amanda Hampsey
8. Agrees that Cllr Robin Currie and Cllr John McAlpine will join the CPP Management Committee.
 9. Agrees the amended Programme of Meetings attached as Appendix 4.
 10. Requests that the Executive Director with responsibility for Legal and Regulatory Support implements these, and any other related decisions, that the Council takes subsequently at this meeting, including arrangements for a schedule of meetings.

Appendix 1 - Policy Lead Councillor Appointments

Name	Policy Lead Role	Depute Policy Lead
Cllr Kieron Green	Planning and Regulatory Services	Cllr Amanda Hampsey
Cllr Amanda Hampsey	Care Services	Cllr Kieron Green
Cllr Andrew Kain	Roads and Transport	Cllr Tommy Macpherson
Cllr Ross Moreland	Climate Change and Environment Services	Cllr Peter Wallace
Cllr John McAlpine	Community Planning and Corporate Services	Cllr Paul Kennedy
Cllr Robin Currie	Economy and Rural Growth	Cllr John McAlpine
Cllr Gary Mulvaney	Finance and Commercial Services	Cllr William Sinclair
Cllr Yvonne McNeilly	Education	Cllr Daniel Hampsey
Cllr Liz McCabe	Islands and Business Development	Cllr Graham Hardie

Appendix 2 - Membership of Committees

Community Services	Environment, Development and Infrastructure	Policy and Resources	Planning, Protective Services and Licensing
Cllr Yvonne McNeilly (Chair)	Cllr Robin Currie (Chair)	Cllr Robin Currie (Chair)	Cllr Kieron Green (Chair)
Cllr Daniel Hampsey (Vice Chair)	Cllr Andrew Kain (Vice Chair)	Cllr Gary Mulvaney (Vice Chair)	Cllr Amanda Hampsey (Vice Chair)
Cllr Paul Kennedy	Cllr John McAlpine	Cllr Kieron Green	Cllr Andrew Kain
Cllr Andrew Kain	Cllr Ross Moreland	Cllr Amanda Hampsey	Cllr Graham Hardie
Cllr Gemma Penfold	Cllr Andrew Vennard	Cllr Andrew Kain	Cllr Liz McCabe
Cllr Garret Corner	Cllr Tommy Macpherson	Cllr Ross Moreland	Cllr Paul Kennedy
Cllr Graham Hardie	Cllr Peter Wallace	Cllr John McAlpine	Cllr Peter Wallace
Cllr Liz McCabe	Cllr Garret Corner	Cllr Yvonne McNeilly	Cllr Daniel Hampsey
Cllr Amanda Hampsey	Cllr William Sinclair	Cllr Liz McCabe	
Audit and Scrutiny	Argyll and Bute Harbour Board	Argyll Islands Sounding Board	
Cllr Andrew Vennard	Cllr Andrew Kain (Chair)	Cllr Liz McCabe (Chair)	
Cllr Daniel Hampsey	Cllr Ross Moreland (Vice Chair)	Cllr Robin Currie (Vice Chair)	
Cllr Graham Hardie	Cllr Andrew Vennard	Cllr Peter Wallace	
	Cllr John McAlpine	Cllr Amanda Hampsey	

	Cllr Garret Corner	Cllr Kieron Green	
		Cllr Andrew Kain	

Appendix 3 - Area Committee Chairs and Vice Chairs

Area Committee	Chair	Vice Chair
Bute and Cowal	Cllr Liz McCabe	Cllr Yvonne McNeilly
Helensburgh and Lomond	Cllr Gemma Penfold	Cllr Gary Mulvaney
Mid Argyll, Kintyre and the Islands	Cllr John McAlpine	Cllr Robin Currie
Oban, Lorn and the Isles	Cllr Andrew Kain	Cllr Kieron Green

Moved by Councillor Robin Currie seconded by Councillor Gary Mulvaney.

Amendment

To accept the Motion by Councillor Robin Currie, seconded by Councillor Gary Mulvaney, subject to amending the schedule of meetings of area committees to bi-monthly and for business days to be arranged as and when required, subject to a further report being brought back to Council by the Executive Director with responsibility for Legal and Regulatory Support.

Moved by Councillor Donald Kelly, seconded by Councillor Fiona Howard.

The Leader of the SNP Group and the remaining non-Administration Councillors tabled their nominations for Members to sit on the Councils Committees.

The Provost adjourned the meeting at 11.45am for 5 minutes and re-convened at 11.50am.

Councillor Reeni Kennedy-Boyle left the meeting at this point in the proceedings.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
 Councillor Corry
 Councillor Currie
 Councillor Green
 Councillor A Hampsey
 Councillor D Hamspey
 Councillor Hardie
 Councillor Kain
 Councillor Kennedy
 Councillor MacPherson
 Councillor McAlpine
 Councillor McCabe
 Councillor McNeilly
 Councillor Moreland
 Councillor Mulvaney
 Councillor Penfold
 Councillor Sinclair
 Councillor Vennard
 Councillor Wallace

Amendment

Councillor Armour
 Councillor Blair
 Councillor Brown
 Councillor Campbell-Sturgess
 Councillor Forrest
 Councillor Howard
 Councillor Hume
 Councillor Irvine
 Councillor Kelly
 Councillor Lynch
 Councillor Martin
 Councillor MacQuire
 Councillor McFadzean
 Councillor Paterson
 Councillor Philand

Decision

The Motion was carried by 19 votes to 15 and the Council resolved accordingly. Full Membership of the Councils Committees are detailed below.

Community Services	Environment, Development and Infrastructure	Policy and Resources	Planning, Protective Services and Licensing
Cllr Yvonne McNeilly (Chair)	Cllr Robin Currie (Chair)	Cllr Robin Currie (Chair)	Cllr Kieron Green (Chair)
Cllr Daniel Hampsey (Vice Chair)	Cllr Andrew Kain (Vice Chair)	Cllr Gary Mulvaney (Vice Chair)	Cllr Amanda Hampsey (Vice Chair)
Cllr Paul Kennedy	Cllr John McAlpine	Cllr Kieron Green	Cllr Andrew Kain
Cllr Andrew Kain	Cllr Ross Moreland	Cllr Amanda Hampsey	Cllr Graham Hardie
Cllr Gemma Penfold	Cllr Andrew Vennard	Cllr Andrew Kain	Cllr Liz McCabe
Cllr Garret Corner	Cllr Tommy Macpherson	Cllr Ross Moreland	Cllr Paul Kennedy
Cllr Graham Hardie	Cllr Peter Wallace	Cllr John McAlpine	Cllr Peter Wallace
Cllr Liz McCabe	Cllr Garret Corner	Cllr Yvonne McNeilly	Cllr Daniel Hampsey
Cllr Amanda Hampsey	Cllr William Sinclair	Cllr Liz McCabe	Cllr Audrey Forrest
Cllr Audrey Forrest	Cllr Jim Lynch	Cllr Audrey Forrest	Cllr Jan Brown
Cllr Iain Shonny Paterson	Cllr John Armour	Cllr Jim Lynch	Cllr John Armour
Cllr Gordon Blair	Cllr Ian MacQuire	Cllr Reeni Kennedy-Boyle	Cllr Fiona Howard
Cllr Julie McKenzie	Cllr Jan Brown	Cllr Willie Hume	Cllr Mark Irvine
Cllr Math Campbell-Sturgess	Cllr Mark Irvine	Cllr Gordon Blair	Cllr Luna Martin
Cllr Dougie McFadzean	Cllr Donald Kelly	Cllr Dougie Philand	Cllr Willie Hume
Cllr Dougie Philand	Cllr Luna Martin	Cllr Fiona Howard	
Audit and Scrutiny	Argyll and Bute Harbour Board	Argyll Islands Sounding Board	
Cllr Andrew Vennard	Cllr Andrew Kain (Chair)	Cllr Liz McCabe (Chair)	
Cllr Daniel Hampsey	Cllr Ross Moreland (Vice Chair)	Cllr Robin Currie (Vice Chair)	

Cllr Graham Hardie	Cllr Andrew Vennard	Cllr Peter Wallace	
Cllr Jim Lynch (Vice Chair)	Cllr John McAlpine	Cllr Amanda Hampsey	
Cllr Reeni Kennedy-Boyle	Cllr Garret Corner	Cllr Kieron Green	
Cllr Mark Irvine	Cllr Jim Lynch	Cllr Andrew Kain	
	Cllr John Armour	Cllr Jim Lynch	
	Cllr Ian MacQuire	Cllr Julie McKenzie	
		Cllr Dougie McFadzean	
		Cllr Reeni Kennedy-Boyle	

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

11. COUNCILLORS' REMUNERATION SCHEME

The Council gave consideration to Councillors remuneration in respect of the Provost, Leader and other Senior Councillor positions.

Decision

The Council:

1. Noted that remuneration levels for the Provost and Leader as set out by the Local Government (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022, as amended, are as follows:
 - Provost - £29,361
 - Leader - £39,148
2. Agreed that the annual remuneration for a Policy Lead Councillor and Area Committee Chair be set at £29,361 and £23,448, in line with the approach taken in previous Council terms, and notes that, in the event that the same member holds more than one of these positions, that member will receive the higher amount only in respect of the relevant position.
3. Agreed that any future annual percentage increase in Policy Lead Councillor or Area Committee Chair remuneration shall be the same as that determined by regulations for the basic allowances.
4. Proposed that a salary of £23,448, commensurate with the Area Chair remuneration, be provided to the Leader of the largest Opposition Group.

(Ref: Remuneration document dated 5 May 2022, submitted)

12. APPOINTMENT OF INDEPENDENT CHAIRPERSON OF AUDIT & SCRUTINY COMMITTEE

The Council considered a report which outlined the position with respect to the appointment of an independent Chair of the Audit & Scrutiny Committee.

Decision

- a) Agreed to extend the appointment of Martin Caldwell until the 31st March 2023 to chair the Audit and Scrutiny Committee.
- b) Agreed to delegate responsibility for instigating a recruitment process for a new independent chair to the Chief Executive and Executive Directors in consultation with the Leader of the Council, the Depute Leader of the Council and the Leader of the largest Opposition Group.
- c) Noted that any final decision on appointment to the position of Chairperson will be a matter for Council.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 12 May 2022, submitted)

13. APPOINTMENT OF PERSONS INTERESTED IN THE PROMOTION OF RELIGIOUS EDUCATION

The Council gave consideration to a report which provided them with information about the appointment of 3 persons interested in the promotion of religious education to any Committee of the Council to which the functions of the Council as education authority are delegated.

Decision

The Council:-

1. Confirmed the appointment of Reverend Sandy MacPherson as a member of the relevant Committee (as nominated by Church of Scotland's Faith Impact Forum).
2. Confirmed the appointment of Margaret Anderson as a member of the relevant Committee (as nominated by the Roman Catholic Diocese of Argyll and the Isles).
3. Continue to seek a nomination to be a member of the relevant Committee from the Scottish Episcopal Church Diocese of Argyll & the Isles.
4. Noted that the appointment of the 3 persons is conditional on the terms and requirements of the Councillors Code applying to those appointments.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

14. CONSIDER APPOINTMENT OF TEACHER REPRESENTATIVES

The Council gave consideration to a report which advised them of a discretion to appoint up to 2 representatives of teaching staff to any Committee to which the Council delegates any of its functions as education authority. The Council was invited to consider whether they wished to appoint 2 teacher representatives, as non-voting members, to such a Committee.

Decision

The Council agreed to appoint as non-voting members, 2 teacher representatives and invited the Executive Director with responsibility for Education Services to make the necessary arrangements and report back to any Committee the Council establishes, with delegated powers to that Committee to appoint the persons nominated to the Committee.

(Ref: Report by Executive Director with responsibility for Education Services dated 10 May 2022, submitted)

15. APPOINT MEMBERS OF STATUTORY BOARDS/JOINT COMMITTEES

Consideration was given to a report which set out a list of statutory boards and joint committees on which the Council is represented and to which it has a requirement to make appointments. The Council was invited to consider the appointments it wished to make to such statutory boards and joint committees.

Decision

The Council appointed the Council's representatives to Statutory Bodies and Joint Committees as set out in the table below:

<u>Organisation</u>	<u>Representative/s</u>	<u>Substitute/s</u>
Scotland Excel	Councillor Sinclair	Councillor Mulvaney
Dunbartonshire and Argyll and Bute Valuation Joint Board	Councillor Hardie Councillor Kennedy Councillor Wallace Councillor Paterson Councillor MacQuire	Councillor D Hampsey Councillor Corner Councillor McNeilly Councillor Blair Councillor Campbell-Sturgess
Highlands and Islands Integrated Transport Partnership (HITRANS)	Councillor Kain	Councillor Currie
Strathclyde Concessionary Travel Scheme Joint Committee	Councillor Sinclair	Councillor Hardie
Strathclyde Partnership for Transport and Strathclyde Passenger Transport Authority	Councillor Sinclair	Councillor Hardie
West of Scotland European Forum	Councillor McAlpine	Councillor Sinclair
Argyll and Bute Health and Social Care Integration Joint Board (IJB)	Councillor Mulvaney Councillor Green Councillor A Hampsey Councillor Philand	

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

16. APPOINT MEMBERS TO THE LICENSING BOARD

Consideration was given to a report which invited the Council to appoint members to a Licensing Board as required by the Licensing (Scotland) Act 2005.

Decision

The Council appointed the following Administration members of the Regulatory Cohort to the Argyll and Bute Licensing Board:

Councillor Amanda Hampsey
Councillor Paul Kennedy
Councillor Kieron Green
Councillor Graham Hardie
Councillor Liz McCabe

The Opposition Groups nominations to the Licensing Board will be provided to the Executive Director with responsibility for Legal and Regulatory Support in due course.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 11 May 2022, submitted)

17. CONVENTION OF SCOTTISH LOCAL AUTHORITIES

The Council considered a report inviting them to make 3 appointments to the Convention of Scottish Local Authorities (COSLA) and to make nominations for the President and Vice President of COSLA.

Decision

The Council:

1. Appointed Cllr Robin Currie and Cllr Daniel Hampsey to represent the Council on COSLA Convention.
2. The SNP Group, as the largest opposition group, nominated Cllr Jim Lynch to fulfil the Council's allocation of three representatives, reflecting the Council's political balance, on COSLA Convention.
3. Noted that Cllr Robin Currie will represent the Council on the COSLA Leaders Group.
4. Appointed the following to COSLA's Policy Boards:
 - a) COSLA Environment and Economy Board - Cllr Ross Moreland
 - b) COSLA Community Wellbeing Board - Cllr Kieron Green
 - c) COSLA Children and Young People Board - Cllr Yvonne McNeilly
 - d) COSLA Health and Social Care Board - Cllr Amanda Hampsey
5. Agrees to take no action in relation to nominations for COSLA's President and Vice President.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

18. APPOINTMENTS OF OUTSIDE BODIES

The Council gave consideration to a report which invited them to make appointments to various outside bodies and organisations.

Motion

The Council:

1. Appoints the Council's representatives to outside bodies and organisations as set out in the table at Appendix 1.
2. Invites members of the Opposition groups to nominate representatives to the following:
 - Argyll Community Housing Association - one representative (Cllr Jan Brown)
 - Live Argyll Board - one representative (Cllr Ian MacQuire)
 - Isle of Bute BID Board - one representative (Cllr Reeni Kennedy-Boyle)
 - Scottish Islands Federation - one representative (Cllr Dougie McFadzean)
 - A83 Taskforce - two representatives (Cllrs Ian Paterson and Donald Kelly)
 - Clyde, Kintyre and the Islands Ferry Stakeholder Group - two representatives (Cllrs John Armour and Dougie McFadzean)
 - Argyll, Lochaber, Skye and Small Isles Ferry Stakeholder Group - two representatives (Cllrs Jim Lynch and Julie McKenzie)
3. Requests that the Governance team prepare reports for the first meetings of each Area Committee outlining details of area-based outside bodies to which committees may wish to make appointments.

Appendix 1 - Appointments to Outside Bodies

Organisation	Representative/s and status
NHS Highland Board	Cllr Garret Corner
University of the Highlands and Islands Foundation Committee	Cllr Yvonne McNeilly
SOILLSE National Network for Gaelic Research Consultative Committee	Cllr Robin Currie
Ionaid Chaluum Chille - Gaelic Centre, Islay	Cllr Robin Currie
PA23BID Board (Dunoon)	Cllr Ross Moreland
Isle of Bute BID Board	One representative
Nadair Trust (Scottish Natural Heritage)	Cllr Kieron Green
Argyll and Bute Local Biodiversity Partnership	Cllr Kieron Green
Argyll, Lomond and the Islands Energy Agency (ALIEnergy) Management Board	Cllr Garret Corner Cllr Ross Moreland
Argyll and Bute Renewables Alliance (ABRA)	Cllr Robin Currie
Argyll and the Isles Coast and Countryside Trust	Cllr Ross Moreland - representative Cllr Peter Wallace - substitute
Loch Lomond and the Trossachs National Park Authority Board	Cllr William Sinclair Cllr Graham Hardie
Scottish Liaison Group on Radioactive Waste Management	Cllr Ross Moreland
Scottish Councils Committee on Radioactive Substances	Cllr Ross Moreland
West of Scotland Archaeology Service Joint Committee	Cllr Ross Moreland - representative Cllr Peter Wallace - substitute
Clyde Marine Planning Partnership	Cllr Kieron Green
Clyde and Lomond Local Plan Flood District	Cllr Daniel Hampsey
Highland and Argyll Local Plan Flood District	Cllr Andrew Kain
Argyll and Bute Care and Repair Agency	Cllr Graham Hardie Cllr Garret Corner
Fyne Homes Group	Cllr Liz McCabe
Argyll Community Housing Association	Cllr Tommy Macpherson Cllr Andrew Vennard

	One representative from Opposition groups
Argyll and Bute Area Support Team	Cllr Amanda Hampsey
Argyll and Bute Culture and Heritage Assembly (CHARTS)	Cllr Ross Moreland
Live Argyll Board (Argyll and Bute Leisure and Libraries Trust)	Cllr John McAlpine Cllr Tommy Macpherson Cllr Maurice Corry One representative from Opposition groups
Convention of the Highlands and Islands	Cllr Robin Currie
Scottish Islands Federation	Cllr Liz McCabe One representative from Opposition groups
Islands Strategic Group	Cllr Robin Currie
Scottish Government Forum Against Poverty	Cllr Graham Hardie
Association for Public Service Excellence (APSE)	Cllr Andrew Kain
A83 Taskforce	Cllr Robin Currie Cllr Andrew Kain Cllr Maurice Corry Two representatives from Opposition groups
Clyde, Kintyre and Islands Ferry Stakeholder Group	Cllr Robin Currie Cllr Liz McCabe Two representatives from Opposition groups
Argyll, Lochaber, Skye and Small Isles Ferry Stakeholder Group	Cllr Andrew Kain Two representatives from Opposition groups
Northern Roads Collaboration	Cllr Andrew Kain Cllr Tommy Macpherson
Trustee to the Scottish National War Memorial	Cllr Maurice Corry

Moved by Councillor Robin Currie seconded by Councillor Gary Mulvaney.

Amendment

To accept the Motion by Councillor Robin Currie, seconded by Councillor Gary Mulvaney, subject to amending the appointments of the following outside bodies –

NHS Highland Board – substitute Cllr Garret Corner for Cllr Dougie Philand
Argyll and Bute Renewables Alliance (ABRA) – substitute Cllr Robin Currie for Cllr Mark Irvine
Loch Lomond and the Trossachs National Park Authority Board – substitute Cllr Graham Hardie for Cllr Iain Shonny Paterson

Moved by Councillor Jim Lynch seconded by Councillor Mark Irvine.

As the meeting was being held on a hybrid virtual basis the vote required to be taken by calling the Roll and Members voted as follows –

Motion

Councillor Corner
Councillor Corry
Councillor Currie

Amendment

Councillor Armour
Councillor Blair
Councillor Brown

Councillor Green
Councillor A Hampsey
Councillor D Hamspey
Councillor Hardie
Councillor Kennedy
Councillor MacPherson
Councillor McAlpine
Councillor McCabe
Councillor McNeilly
Councillor Moreland
Councillor Mulvaney
Councillor Penfold
Councillor Sinclair
Councillor Vennard
Councillor Wallace

Councillor Campbell-Sturgess
Councillor Forrest
Councillor Howard
Councillor Hume
Councillor Irvine
Councillor Kane
Councillor Kelly
Councillor Lynch
Councillor Martin
Councillor MacQuire
Councillor McFadzean
Councillor Paterson
Councillor Philand

Decision

The Motion was carried by 18 votes to 16 and the Council resolved accordingly.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 5 May 2022, submitted)

19. EMPLOYEE JOINT CONSULTATIVE COMMITTEE

The Council gave consideration to a report which invited them to reappoint the Employee Joint Consultative Committee and to appoint Members to the Committee.

Decision

The Council agreed:-

The Council:

1. Noted the Constitution of the Employee Joint Consultative Committee, attached at Appendix 1;
2. Confirmed that the membership of the EJCC will comprise the following:
 - Cllr Robin Currie, Leader of the Council
 - Policy Lead Councillors:
 - Cllr Kieron Green
 - Cllr Amanda Hampsey
 - Cllr Andrew Kain
 - Cllr Ross Moreland
 - Cllr John McAlpine
 - Cllr Gary Mulvaney
 - Cllr Yvonne McNeilly
 - Cllr Liz McCabe
 - Cllr Jim Lynch, Leader of the SNP, the largest Opposition Group

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 5 May 2022, submitted)

20. LOCAL NEGOTIATING COMMITTEE FOR TEACHERS

The Council gave consideration to a report which invited them to reappoint the Local Negotiating Committee for Teachers and to appoint Members to the Committee.

Decision

The Council:-

1. Noted the terms of reference and reappointed the Local Negotiating Committee for Teachers, comprising three elected members, to negotiate certain conditions of service and other local matters related to the organisation of the Education Service.
2. Appointed the following elected members to the Committee:
 - Policy Lead for Education – Cllr Yvonne McNeilly
 - Depute Policy Lead for Education – Cllr Daniel Hampsey
 - Policy Lead for HR – Cllr John McAlpine

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 5 May 2022, submitted)

21. COMMON GOOD FUNDS

Consideration was given to a report which provided the Council with information relating to the administration of Common Good Funds and which invited them to appoint members to serve as trustees on the funds relating to Campbeltown, Dunoon, Rothesay, Lochgilphead and Oban.

Decision

The Council agreed:-

In respect of the Campbeltown, Dunoon, Rothesay and Lochgilphead Common Good Funds the members for the South Kintyre, Dunoon, Isle of Bute and Mid Argyll wards, respectively, form the panel of Common Good Fund Trustees for each;

In respect of the Oban Common Good Fund, that the Council appoint 2 members from those members elected within the Oban South and the Isles and 2 members from those members elected within the Oban North and Lorn wards to form the panel of Common Good Fund Trustees;

Councillors Kain, Green, Lynch and Martin.

That each panel of Common Good Fund Trustees make all decisions in regard to financial matters relating to those Common Good Funds, including advice and investments from the Head of Financial Services or the relevant independent financial adviser to the funds, and the determination of applications for financial assistance.

Agrees that the Council continues the delegation to the Executive Director with responsibility for Governance (or their representative) referred to in paragraph 3.5 of the submitted report.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

22. APPOINTMENT PANEL - RECRUITMENT OF HEAD OF FINANCIAL SERVICES

The Council considered a report which invited the Council to establish an Appointments Panel to appoint to the post of Head of Financial Services.

Decision

The Council:-

1. Agreed to establish an Appointments Panel for the recruitment to the post of Head of Financial Services.
2. Agreed to appoint Councillors Currie, Mulvaney and Lynch as the substantive Members of the Appointments Panel and Councillors Green, McCabe and Irvine as the substitutes.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support dated 5 May 2022, submitted)

23. REVIEW OF SCHEME FOR THE ESTABLISHMENT OF COMMUNITY COUNCILS

The Council gave consideration to a report which sought a decision with regard to the timing of the next review of the Scheme for the Establishment of Community Councils in Argyll and Bute.

Decision

The Council agreed to the changes proposed within Appendix 1 of the submitted report and that these changes form the basis of an 8 week, phase two consultation with community councils, and the public.

(Ref: Report by the Executive Director with responsibility for Legal and Regulatory Support dated 10 May 2022, submitted)

24. UK LEVELLING UP FUND

The Council considered a report which sought to adjust the Levelling Up Fund Bids, following on from the update provided in February 2022, and the Members Seminar in March 2022.

Decision

The Council approved:-

1. The removal of the Active Travel Route for Helensburgh to Dumbarton Cyclepath due to the inability to meet Levelling Up Fund delivery deadlines, but note that officers continue to pursue this option via other funding opportunities.
2. The removal of the Active Travel Route from Kennacraig to Tarbert, due to the inability to meet Levelling Up Fund delivery deadlines, but note that officers continue to pursue this option via other funding opportunities.

(Ref: Report by Executive Director with responsibility for Development and Infrastructure dated 10 May 2022, submitted)

**MINUTES of MEETING of ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE
COMMITTEE held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND ON A HYBRID
MEETING BASIS BY MS TEAMS ATTENDANCE
on THURSDAY, 2 JUNE 2022**

Present: Councillor Robin Currie (Chair)

Councillor John Armour	Councillor Ian MacQuire
Councillor Jan Brown	Councillor Luna Martin
Councillor Garret Corner	Councillor Ross Moreland
Councillor Mark Irvine	Councillor William Sinclair
Councillor Andrew Kain	Councillor Andrew Vennard
Councillor Jim Lynch	Councillor Peter Wallace
Councillor Tommy MacPherson	

Attending: Kirsty Flanagan, Executive Director
Fergus Murray, Head of Development and Economic Growth
Jim Smith, Head of Roads and Infrastructure Services
Stuart McLean, Committee Manager
Nathan Gallogley, Staycation Officer

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors John McAlpine and Donald Kelly.

2. DECLARATIONS OF INTEREST

Councillor Jim Lynch declared a non-financial interest in item 10 (Update on Staycation Proposals) as he was a member of the GRAB Trust. Having noted the updated Standards Commission Guidance in relation to declarations (issued on 7 December 2021) with specific reference to section 5.4(c) he did not consider that he had a relevant connection and as such would remain the meeting and speak and vote on this report.

3. MINUTES

The Minute of the Environment, Development and Infrastructure Committee held on 3 March 2022 was approved as a correct record.

4. KEY PERFORMANCE INDICATORS FQ4 - 2021/22 - DEVELOPMENT AND ECONOMIC GROWTH & ROADS AND INFRASTRUCTURE SERVICES

A paper presenting the Environment, Development and Infrastructure Committee with the FQ4 2021/22 Key Performance Indicators (KPIs) for Development and Economic Growth and Roads and Infrastructure Services was considered.

Decision

The Committee reviewed and scrutinised the FQ4 2021/22 KPI Report as presented.

(Reference: Report by Executive Director with responsibility for Customer Support Services dated 25 April 2022, submitted)

5. ROADS CAPITAL RECONSTRUCTION PROGRAMME 2022/23 UPDATE

At the Environment, Development and Infrastructure Committee held on 3 March 2022 a programme of roads reconstruction works was endorsed. Since the programme was set, there have been significant international occurrences which have affected the prices of both fuel and bitumen.

A report providing an update on the roads reconstruction programme for 2022/23 was before the Committee for consideration.

Decision

The Committee:-

1. Endorsed the approach taken to deliver the programme within budget given the price increases; and
2. Noted that the 2022/23 footway programme would be reported to the September Environment, Development and Infrastructure Committee.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated 20 May 2022, submitted)

6. ROADS AND INFRASTRUCTURE PROJECTS - COUNCIL FUNDED

A report providing Members with information on the Council funded projects and schemes being taken forward by the Roads and Infrastructure Service was considered.

Decision

The Committee:-

1. Endorsed the overall programme of council funded projects being taken forward by Roads and Infrastructure Services;
2. Noted that a programme of street lighting column replacements will be brought to the Environment, Development and Infrastructure Committee in September 2022 and
3. Agreed to the Chair of the Environment, Development and Infrastructure approaching the Scottish Government with a view to securing additional resources to support the scheme to repair the damaged Bute sea wall.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated 24 May 2022, submitted)

7. ROADS AND INFRASTRUCTURE PROJECTS - EXTERNALLY FUNDED

A report providing Members with information on the wide ranging programme of works which are externally funded considered.

Decision

The Committee:-

1. Endorsed the overall programme of major externally funded projects being taken forward by Roads and Infrastructure Services;
2. Endorsed the programme of bridge works set out at Appendix 1 of the report;
3. Endorsed the programme of playpark works identified as High Priority set out at Appendix 2 of the report; and
4. Instructed Officers to undertake a more robust consultation process with communities for future rounds of funding in respect of playpark works.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated May 2022, submitted)

8. DIGITAL EXCLUSION FUND - UPDATE

The Council established a £250,000 Digital Exclusion Fund at its budget meeting on 25 February 2021. The Fund was created to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale.

A report bringing forward two proposals for funding from the Digital Exclusion Fund was considered.

Decision

The Committee approved:-

1. The provision of capital funding to Kerrera Digital Infrastructure project to a maximum of £40,000; and
2. The provision of revenue funding to a maximum of £10,000, should the Islands Infrastructure Fund bid be successful, in order to provide connectivity charges for identified island community halls for a period of 24 months.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 19 May 2022, submitted)

9. ECONOMIC STRATEGY AND RECOVERY PLAN UPDATE

Members approved a new Economic Strategy for Argyll and Bute in March 2019 and a high level economic recovery plan in June 2020 for the Argyll and Bute region in response to the Covid 19 pandemic. In August 2020, a further report to the Business Continuity Committee identified key objectives and actions that needed to be taken forward to assist with economic recovery.

A report providing Members with a brief economic overview and an update on progress on both the actions agreed in the original economic strategy approved in June 2019 and the subsequent recovery plan approved in 2020, was considered.

Decision

The Committee:-

1. Considered the contents of this report and noted the updated Argyll and Bute Economic Strategy Actions contained in Appendix 1 of the report and also noted the progress of the Economic Recovery Plan Actions identified in Appendix 2 of the report; and
2. Considered and noted the intention to look at future economic priorities given the rapidly changing economy.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated May 2022, submitted)

10. UPDATE ON STAYCATION PROPOSALS

The Council allocated two funding pots to support staycations in Argyll and Bute. £500,000 was allocated from the 2021/22 budget and supplemented by a further £100,000 from the 2022/23 budget to support the delivery of a range of facilities across Argyll and Bute necessary to support camping and motorhome staycations.

Consideration was given to a report providing an update on the staycation facilities approved in December 2021 by the Committee for 2022, which were now set up and operational.

Decision

The Committee:-

1. Noted and considered the content of the paper; and
2. Noted that Staycation was an evolving process with key milestones identified throughout the year and beyond.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 7 June 2022, submitted)

11. TRANSPORT FOR STRATHCLYDE: A NEW PUBLIC TRANSPORT NETWORK

Consideration was given to a report advising of correspondence received from the Chair of Strathclyde Partnership for Transport (SPT) which sought support from local authorities for the vision and direction detailed within "Transport for Strathclyde: A New Public Transport Network".

Decision

The Committee:-

1. Noted the letter from Councillor Dr Martin Bartos, Chair of SPT; and
2. Supported the vision and direction detailed in the letter.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth/Roads and Infrastructure Services dated April 2022, submitted)

**12. ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE COMMITTEE
WORK PLAN 2022/23**

The Environment, Development and Infrastructure Committee work plan was before the Committee for information.

Decision

The Committee noted the contents of the work plan.

(Reference: Environment, Development and Infrastructure Committee Work 2022/23, submitted)

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MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held BY MS TEAMS on THURSDAY, 16 JUNE 2022

Present: Councillor Robin Currie (Chair)

Councillor Gordon Blair	Councillor Reeni Kennedy-Boyle
Councillor Audrey Forrest	Councillor John McAlpine
Councillor Kieron Green	Councillor Liz McCabe
Councillor Amanda Hampsey	Councillor Yvonne McNeilly
Councillor Fiona Howard	Councillor Gary Mulvaney
Councillor Willie Hume	Councillor Douglas Philand
Councillor Andrew Kain	

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Kirsty Flanagan, Executive Director
Patricia O'Neill, Governance Manager
Fergus Murray, Head of Development and Economic Growth

The Chair of the Policy and Resources Committee started and adjourned the meeting until 11.30am to address technical issues with the Hybrid meeting.

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated from Councillor Lynch.

2. DECLARATIONS OF INTEREST

Councillor Fiona Howard declared a financial interest in item 8 of the agenda (Strategic Events and Festivals) by virtue of her appointment as a trustee of the Helensburgh Winter Festival. She advised that she would leave the meeting during consideration of this item of business.

Councillor Reeni Kennedy-Boyle declared a financial interest in item 6 of the agenda (Place Based Investment and Crown Estate Fund) by virtue of her appointment as General Manager of Fyne Futures. She advised that she would leave the meeting during consideration of this item of business.

3. MINUTES

The Minutes of the Policy and Resources Committee held on 17 February 2022 were approved as a correct record.

4. BUDGET OUTLOOK 2023-24 TO 2027-28

The Committee considered a report which summarised the budget outlook covering the period 2023-24 to 2027-28 taking into consideration the budget decisions taken at the Council Budget Meeting held on 24 February 2022.

Decision

The Committee agreed to -

- a) The current estimated budget outlook position for the period 2023-24 to 2027-28.
- b) To the establishment of a cross party Budget Working Group with a composition of six administration Members being Councillors Currie, Mulvaney, McNeilly, McCabe, Green and Kain, three opposition Members being Councillors Lynch, Philand and Irvine and two Trade Union representatives.

(Ref: Report by Section 95 Officer, dated 2 June 2022, submitted)

Councillor Reeni Kennedy-Boyle joined the meeting at this point.

5. KEY PERFORMANCE INDICATORS FQ4 2021/22

The Committee considered a report which outlined the FQ4 2021/22 Key Performance Indicators (KPIs) for Community Planning and Development, Financial Services, Commercial Services, Legal and Regulatory Support and Customer Support Services.

Decision

The Committee reviewed and scrutinised the FQ4 2021/22 KPI Report as presented.

(Ref: Report by the Executive Director with responsibility for Development and Economic Growth dated 20 May 2022, submitted)

6. PLACE BASED INVESTMENT AND CROWN ESTATE FUND 2022/23 - PROJECTS AND ALLOCATION

The Committee considered a report which advised that the Council had been allocated £712,000 for financial year 2022/23 from Scottish Government, via its Place Based Investment (PBI).

Decision

The Committee agreed to -

- a) The allocation of the Place Based Investment funding for 2022/23 to the projects in Table 1, paragraph 4.7.
- b) The allocation of the Crown Estate funding for 2022/23 to the projects in Table 1, paragraph 4.7.
- a) The amendment to the proposals relating to the award of £50,000 of CES funding as detailed under paragraph 2.5, and note the amendment of the detail at paragraph 2.5 which removes funding to ACT, following ACT advising officers that they are no longer able to deliver the proposal and therefore do not require the grant, and that the Council will take the lead on the project.
- b) Note that a further report on the allocation of the remaining unallocated £322,486 Place Based Investment and £397,453 Crown Estate Funding for 2022/23 will be brought forward to the August meeting of the Policy and Resources Committee.

(Ref: Report by the Executive Director with responsibility for Development and Economic Growth dated 25 April 2022, submitted)

**7. HISTORIC ENVIRONMENT SCOTLAND HERITAGE AND PLACE PROGRAMME
- OPPORTUNITY FOR PLACE BASED HERITAGE FUNDING**

The Committee considered a report which highlighted the new Historic Environment Scotland (HES) and sought the endorsement for the submission of an expression of interest (EOI).

Decision

The Committee agreed -

1. That an expression of interest be made to Historic Environment Scotland for the Heritage and Place Programme, and potentially also to National Lottery Heritage Fund for the Grants for Heritage Programme if applicable for the conservation town that is considered to best fit with the new criteria and to stand the best chance of success bearing in mind that this will be a highly competitive process.
2. That delegated authority be given to the Executive Director of Development and Infrastructure in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group to submit subsequent applications to the heritage funders, should the Council be invited to do so.
3. To the principle of funding from the Council to support the delivery of the Development Phase should an EOI be successful and a development grant from HES be offered, normally of up to 50% of eligible costs. It is estimated that Council funding would be £60,000 for the development phase works.
4. To the principle of match funding from the Council for the delivery phase were a stage one development bid to go forward and be successful. Note that a future report will be brought back to Members for their consideration were this to be the case.

(Ref: Report by Executive Director with responsibility for Development and Economic Growth dated 3 May 2022, submitted)

8. STRATEGIC EVENTS AND FESTIVALS - ROUND 4.2 - 2022/2023

The Committee considered a report which updated Members on the further call for applications in respect of Round 4 2022/23 of the Council's Strategic Events and Festivals (SEF) and provided details of the bids submitted and recommendations regarding all the eligible bids being put forward to receive grant funding.

Decision

The Committee agreed -

- a) To be aware of eligible SEF Round 4.2 grants amounting to £29,800 to a total of 7 events as detailed at Appendix 1, Table 1 of the submitted report.
- b) That any SEF grant offer only be 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 4. Criteria. These grants are detailed in Appendix 1, Table 1.

- c) Not to award ineligible SEF Round 4.2 grant as detailed in Appendix 1, Table 2.
- d) To continue delegation powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to existing grant requests to be made brought about as a consequence of future Covid restrictions regarding holding of events/mass gathering in 2022/23. 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 the constitute up to 75% of legitimate and eligible expenditure.
- e) To note that £25,064 would be left to be earmarked towards a future SEF round as previously agreed by Committee in February 2022.

(Ref: Report by Executive Director with responsibility for Development and Economic Growth dated 28 April 2022, submitted)

9. SCOTLAND LOVES LOCAL GIFT CARD UPDATE

The Committee considered a report which updated Members on the Scotland Loves Local Argyll and Bute Gift Card Scheme.

Decision

The Committee considered the contents of the report and the progress of the Scotland Loves Local Gift Card scheme within Argyll and Bute.

(Ref: Report by Executive Director with responsibility for Development and Economic Growth dated 6 May 2022, submitted)

10. POLICY AND RESOURCES WORKPLAN

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 June 2022.

(Ref: Policy and Resources Committee Workplan dated June 2022, submitted)

ARGYLL AND BUTE COUNCIL**COUNCIL**

30th June 2022

LEADER'S REPORT

1. INTRODUCTION

- 1.1 The Leader of the Council and Policy Lead Councillors have routinely provided a report outlining their strategic activities for consideration at each meeting of Argyll and Bute Council, except for the annual budget meeting in February.
- 1.2 This report is the first such since the appointment of the council Leader and Policy Lead Councillors on 19th May 2022. This report provides an update on the activities of the council Leader, Cllr Robin Currie, for the short period 19th May to 17th June 2022.
- 1.3 Policy Lead Councillors have started to meet with services following their appointment in May. The first full Policy Leads report will come to the September council meeting.

2. RECOMMENDATIONS

- 2.1 Members are asked to consider the report.
- 2.2 Members are asked to note that any reports, briefings or copy correspondence referred to in the report can be requested as appropriate through the Leadership Support Manager, although it should be noted that some confidential reports provided by external organisations such as COSLA may be restricted.

3. LEADER ACTIVITY 19TH MAY TO 17TH JUNE 2022

3.1 COSLA MEETINGS

COSLA, like Scottish councils, has had its own governance arrangements to consider following the Local Government Elections in May.

With most Scottish councils having appointed their leaders or able to nominate a representative, the first COSLA Leaders meeting took place on 27th May 2022, considering the following agenda items:

- Welcome and introduction to COSLA
- Pay Claim 2022/23
- Councillor Remuneration
- Transient Visitor Tax
- Water and Billing Charges
- National Strategy for Community Justice Revision
- Mental Health Law Review
- Prevention of Homelessness Duties
- Ukrainian Displaced Persons - Draft Partnership Agreement with the Scottish Government
- Distribution

On 17th June, COSLA held its first Convention meeting of the new term, with the main focus of business being the election and establishment of COSLA's political leadership team, the full agenda being:

- Election of President - Cllr Shona Morrison, Moray Council
- Election of Vice-President - Cllr Steven Heddle, Orkney Isles Council
- Office Bearers Job Descriptions
- Appointment of Spokespersons:
 - Resources Spokesperson – Cllr Katie Hagmann, Dumfries and Galloway Council
 - Health and Social Care Spokesperson – Cllr Paul Kelly, North Lanarkshire Council
 - Community Wellbeing Spokesperson – Cllr Maureen Chalmers, South Lanarkshire Council
 - Environment and Economy Spokesperson – Cllr Gail Macgregor, Dumfries and Galloway Council
 - Children and Young People Spokesperson – Cllr Tony Buchanan, East Renfrewshire Council
- Appointments to outside and other bodies
- Appointments to Audit Group
- Minutes of Previous Convention
- COSLA Strategic Context and Priorities

- European Charter of Local Self Government - update

Later the same day, a special meeting of COSLA Leaders was called to consider the following issues:

- Resource Spending Review
- Pay Claim 2022/23
- Childrens Care and Justice Bill Consultation
- Supporting Communities - Poverty and Cost of Living
- Home Office Asylum Consultation
- Regulation of Marches and Parades
- Covid-19 Financial Support for Adult Social Care Providers

COSLA Policy Board meetings are due to commence after the summer recess, from August onwards, with the Leaders meetings taking place as normal each month with additional Special Leaders sessions when there is urgent business to consider.

3.2 New homes for Inveraray - Dun na Cuaiche opening, 26th May:

Following the appointments made at council on 19th May, I retain responsibility for the Housing portfolio as part of my Economy and Rural Growth Policy Lead role. I was therefore delighted to visit Inveraray on 26th May to carry out the official opening of Argyll Community Housing Association's (ACHA) new affordable homes development - the aptly named Dun na Cuaiche.

This £1.9million development started on site in April 2021 and has been delivered in 13 months by local Mull-based builder, TSL Contractors Ltd. It brings ten much-needed affordable homes to Inveraray in a mix of one, two and three-bedroom properties, including some with special adaptations.

Pupils from Inveraray Primary School were also present, having chosen the name Dun na Cuaiche which has such strong local links.

It is always a pleasure to see people receiving the keys to their brand new homes. Housing is an issue of serious significance for Argyll and Bute and will be a priority for all partners involved in securing and delivering housing for our communities over the coming term.

3.3 Highlands and Islands Regional Economic Partnership, 9th June 2022:

The first meeting of the new council term of the Highlands and Islands REP took place on 9th June, following the establishment of the Partnerships in 2021 and the most recent meeting in February 2022 prior to the election.

The Partnership brings together leadership and senior management from member councils across the Highlands and Islands region, as well as representatives from lead agencies dealing with strategic issues like skills and further education, economy, transport, environment and more.

Agenda topics for this first meeting of the new term were:

- Crown Estate Scotland - Scotwind
- National Strategy for Economic Transformation
- UK Shared Prosperity Fund
- Information papers on:
 - National Planning Framework 4
 - Strategic Transport Projects Review 2
 - Labour and Skills
 - Energy Cost Impacts

3.4 Correspondence:

The matter of the A83 Rest and Be Thankful is always a priority and, as we embark on a new term, this will continue to be the case. My first correspondence following my election as Leader was to write to Jenny Gilruth MSP, Minister for Transport, highlighting again the vital importance of finding a permanent solution at pace but also indicating our concern to ensure that the Scottish Government's capital spending review does not impact upon plans for the Rest.

I have asked for a discussion with the Minister about this, following requests made prior to the election, and while I have not yet received a response, I hope that a meeting will be possible. I will update colleagues when I hear more from Ms Gilruth.

I am also in touch with the RABT Campaign Group on inviting them to a seminar for all councillors and again will provide a further update on this when we have finalised arrangements for this session, which will take place after the council recess.

I have also received correspondence from Shona Robison MSP, Cabinet Secretary for Justice, Housing and Local Government and Ben Macpherson, Minister for Social Security and Local Government. Both

Ministers cite the importance of working in partnership and building on *‘the outstanding work undertaken by councils to responding to the unprecedented challenges of the Covid-19 pandemic’* and emphasises that *‘only by working collaboratively between both spheres of government will we be able to deliver our mutual aims and ambitions’*. I will be writing back to the Ministers and would hope that there will be an opportunity in the near future to welcome one or both to Argyll and Bute for further discussion.

Over the next few weeks I am also due to meet with Rhoda Grant MSP when she visits Argyll and Bute, and will provide an update on that meeting in a future Leader’s Report.

4. CONCLUSION

- 4.1** This report highlights the activities of the Leader of Argyll and Bute Council for the period from 19th May to 17th June 2022.

**Councillor Robin Currie
Leader, Argyll and Bute Council**

20th June 2022

For further information or to access the Leader’s Report Pack please contact Aileen McNicol, Leadership Support and Member Services Manager, telephone 01546 604014 or email aileen.mcnicol@argyll-bute.gov.uk

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ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****30 JUNE 2022**

2021-22 UNAUDITED ANNUAL ACCOUNTS

1. EXECUTIVE SUMMARY

- 1.1 This covering report gives an overview of the unaudited annual accounts for 2021-2022 and a summary of the significant movements from 2020-21 and asks members to approve the unaudited annual accounts for 2021-22 for issue.
- 1.2 The Comprehensive Income and Expenditure statement shows a surplus on the provision of services of £1.025m, a surplus on the revaluation of Long Term Assets of £11.143m and an actuarial gain on the pension fund assets/liability of £110.648m giving an accounting surplus of £122.816m.
- 1.3 The Balance Sheet shows that the net worth of the Council has increased by £122.814m from £345.370m as at 31 March 2021 to £468.184m as at 31 March 2022. The main reason for this increase is a swing in the pension scheme which went from a liability of £82.314m in 2020-21 to an asset of £4.634m in 2021-22. Our pension figures are provided by external actuaries and this increase is due to investment returns have been greater than expected leading to positive return on assets.
- 1.4 The balance of unusable reserves has increased by £103.973m from £260.585m as at 31 March 2021 to £364.558m as at 31 March 2022. The main reasons for the increase relates to the increase in the pension fund reserve referenced to above.
- 1.5 The balance of usable reserves has increased by £18.841m from £78.245m as at 31 March 2021 to £96.530m as at 31 March 2022. This is due to an increase to the General Fund of £18.285m in addition to small increases to the Capital Fund and the Repairs and Renewals Fund.
- 1.6 In respect of the General Fund Balance movement, there has been an increase of £18.285m from a balance of £78.245m to £96.530m. The increase largely relates to the timing of Scottish Government funding that was unspent at the end of the year such as COVID funding, unspent grants including LACER, ELC 1140 hours and Crown Estates and Scottish Government initiatives such as Employability and the expansion of free school meals. There are also some unspent budget proposals for Members to consider. It is expected that other Local Authorities will have a similar increase to their General Fund Balance due to the timing of the funding. There are substantial sums earmarked within the general fund amounting to £89.433m. The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget and this amounts to £5.256m. The remaining unallocated balance amounts to £1.841m.

1.7 It is recommended that the Council:

- a) Approve the unaudited annual accounts for the year ended 31 March 2022 for issue.

ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****30 JUNE 2022**

2021-22 UNAUDITED ANNUAL ACCOUNTS

2. INTRODUCTION

- 2.1 This covering report gives an overview of the unaudited annual accounts for 2021-22 and a summary of the significant movements from 2020-21 and asks members to approve the unaudited annual accounts for 2021-22 for issue.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Council:

- a) Approve the unaudited annual accounts for the year ended 31 March 2022 for issue.

4. DETAIL**Introduction**

- 4.1 The annual accounts set out the financial statements of the Council and its group for the year ended 31 March 2022. Its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The requirements governing the format and content of local authorities' annual accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2021-22 accounts have been prepared in accordance with this Code.
- 4.2 There is a statutory requirement to prepare a set of accounts and submit them to the Council and the Controller of Audit. The date set by the Scottish Government for the submission of the unaudited annual accounts is 30 June each year.
- 4.3 Since 2010-11, local authorities have been required to prepare financial statements following International Financial Reporting Standards (IFRS). Under the Local Authority Accounts (Scotland) Regulations 2014 there is a requirement to include a management commentary in the accounts. The contents of the annual accounts are summarised in the paragraphs that follows.
- 4.4 **Management Commentary:** this outlines the key messages regarding the objectives and strategy of the Council and its financial performance for the year. It also looks forward, outlining the future financial plans for the organisation and the challenges and risks which are faced by the Council.
- 4.5 **Statement of Responsibilities for the annual accounts:** this outlines the Council's responsibilities and also the responsibilities of the Council's Section 95 Officer.

- 4.6 **Annual Governance Statement:** this statement states its view on the adequacy of its governance and internal control system. It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council during 2021-22 and that there are no significant weaknesses.
- 4.7 **Remuneration Report:** this report provides details of the remuneration policy, remuneration and pension benefits of senior councillors and senior officers in addition to detail on employee exit packages.
- 4.8 **Expenditure and Funding Analysis:** this shows how the Council funding is spent across services. It also compares to the expenditure shown in Comprehensive Income and Expenditure Statement (CIES) and details the differences between the two. The differences are as a result of accounting statutory adjustments that are required within the CIES, for example, depreciation, pension adjustments etc.

Comprehensive Income and Expenditure Statement (CIES):

- 4.9 This statement shows the accounting cost of providing services rather than the amount to be funded from taxation. The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with The Code. These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2022.
- 4.10 The Council ended the year with a surplus of £122.816m for 2021-22, this is the accounting surplus based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure comprises of a surplus on the provision of services of £1.025m, increased by a surplus on the revaluation of Long Term Assets of £11.143m and an actuarial gain on the pension fund assets/liability of £110.648m.
- 4.11 The surplus on the provision of services of £1.025m compares to a surplus of £14.257m for 2020-21. The main factors contributing to this change is an increase in the Net Cost of Services of £25.792m, a decrease in other operating income and expenditure of £5.934m, a decrease in financing and investment income and expenditure of £0.336m and an increase in the overall funding of £6.290m.
- 4.12 The table below, sets out a reconciliation of the surplus on the provision of services of £1.025m as noted in the Statement of Comprehensive Income and Expenditure to the revenue budget outturn of £1.630m underspend.

	£000	£000
Surplus/(Deficit) on Provision of Services		1,025
<i>Remove statutory adjustments that don't feature in budget outturn:</i>		
Depreciation	23,325	
Impairment of Assets charged to services	1,252	
Capital Funding	(21,700)	
CFCR	(735)	
Pension Adjustment	23,700	
Statutory Repayment of Debt	(2,514)	
Repayment of Finance Leases	(4,844)	
Transfers to/from Other Statutory Reserves	(553)	
Other Adjustments	(671)	
		17,260
Movement In General Fund Balance		18,285
	£000	£000
<i>Adjust for earmarkings:</i>		
Released sums earmarked to service budgets 2021-22	18,923	
Revenue Budget 2021-22 - investment in Capital	(2,975)	
COVID allocation to reserves	(7,562)	
Repayment of Social Work Overspend by HSCP	(2,759)	
Contributions to earmarked reserves 2021-22	(22,280)	
		(16,653)
Rounding		(2)
Revenue Budget Underspend/(Overspend)		1,630

4.13 **Balance Sheet:** The Balance Sheet shows that the net worth of the Council has increased by £122.814m from £345.370m as at 31 March 2021 to £468.184m as at 31 March 2022. The major changes are set out in the table below.

	31/03/2021 £000	31/03/2022 £000	Change £000	Main Reason
Long Term Assets	671,332	687,461	16,129	Revaluation of fixed assets and addition of pension debtor due to an increase in investment returns
Current Assets	103,849	123,285	19,436	Investments previously categorised as long term now moved to short term as due to mature in less than 1 year.
Current Liabilities	(55,667)	(66,513)	(10,846)	Increase in temporary borrowing after a period of little/no borrowing during the height of the pandemic.
Long Term Liabilities	(374,144)	(276,049)	98,095	Pension liability reduced to zero as investment returns have been greater than expected leading to positive return on assets.
Total	345,370	468,184	122,814	

Statement of Movement in Reserves:

- 4.14 This shows the movement on the different reserves held by the Council, analysed into usable reserves (resource backed reserves which can be used to fund expenditure) and unusable reserves (required purely for accounting purposes and are not backed by resources).
- 4.15 The total Council reserves have increased from £345.370m at 31 March 2021 to £468.184m at 31 March 2022, an increase of £122.814m.
- 4.16 The balance of unusable reserves has increased by £103.973m from £260.585m as at 31 March 2021 to £364.558m as at 31 March 2022. The main reason for this increase is a swing in the pension scheme which went from a liability of £82.314m in 2020-21 to an asset of £4.634m in 2021-22 and an increase in the revaluation reserve of £10.511m which arises from revaluations of properties within the Council's 5 year rolling programme.
- 4.17 In respect of the General Fund Balance movement, there has been an increase of £18.285m from a balance of £78.245m to £96.530m and the detail on the movement in the balance is summarised within the table below. The increase largely relates to the timing of Scottish Government funding that was unspent at the end of the year such as COVID funding, unspent grants including LACER, ELC 1140 hours and Crown Estates and Scottish Government initiatives such as Employability and the expansion of free school meals. There are also some unspent budget proposals for Members to consider. It is expected that other Local Authorities will have a similar increase to their General Fund Balance due to the timing of the funding.
- 4.18 The General Fund balance at 31 March 2022 is £96.530m. The total earmarked balances amount to £89.433m. The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget and this amounts to £5.256m. The remaining General Fund balance ("unallocated balance") amounts to £1.841m.

	£000
Balance on General Fund 31 March 2021	78,245
Social Work Repayment of Debt	2,759
Revenue Budget 2021-22 – investment in capital	2,975
Revenue Budget 2021-22 – COVID allocation to reserves	7,562
Released sums earmarked to service budgets 2021-22	(18,923)
Contributions to earmarked reserves 2021-22	22,280
Overall budget underspend as noted above	1,630
Rounding	2
Balance on General Fund as at 31 March 2022	96,530
Earmarked balances as at 31 March 2022	(89,433)
Contingency Balance 2% of budget	(5,256)
Unallocated Balances as at 31 March 2022	1,841

- 4.20 **Cash Flow Statement:** The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. This is analysed into Operating, Investing and Financing Activities. The Cash and Cash Equivalents decreased by £15.910m to £19.728m.
- 4.21 **Notes to the Financial Statement:** The notes section provides further information and explanation on some of key figures included within the Accounts. The notes conform to the guidance issued by CIPFA/LASAAC within the Code of Practice on Local Authority Accounting.
- 4.22 **Council Tax Income Account:** This accounts shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the CIES. Council Tax rate for Band D was £1,367.73 for 2021-22 which was identical to 2020-21 due to a council tax freeze agreed by Council as part of the budget setting process. The income transferred to the general fund for Council Tax in 2020-21 was £56.242m. This compared to £54.437m in 2020-21.
- 4.23 **Non Domestic Rate Income Account:** This account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. Non Domestic Rate Income amounted to a share of £25.070m for 2021-22 allocated from the national pool. This compares to £23.284m in 2020-21. Our own net income amounted to £25.706m and we made a contribution to the national pool of £0.636m for 2021-22. These figures compared to income of £24.736m and a contribution to the national pool of £1.452m for 2020-21.
- 4.24 **Group Accounts:** Argyll and Bute Council Group comprise the following entities:
- Argyll and Bute Council
 - Dunbartonshire and Argyll and Bute Valuation Joint Board
 - Strathclyde Partnership for Transport
 - Strathclyde Concessionary Travel Scheme Joint Committee
 - Live Argyll (Leisure Trust).

In addition, the council's Common Good Funds have been fully consolidated into the Group Accounts.

- 4.25 The effect of inclusion of the Associates, Subsidiary and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £24.186m. This gives an overall net asset position for the Group of £492.370m, an increase of £130.400m from the previous year. As with the single entity Balance Sheet, the increase is mainly due to the swing in the pension scheme which went from a liability of £88m in 2020-21 to an asset of £1m in 2021-22.

5. CONCLUSION

- 5.1 The Unaudited Annual Accounts have been prepared in accordance with professional and statutory requirements. The General Fund Balance has increased by £18.285m,

after taking into consideration the movement during the year, the end of year outturn position and the new earmarkings. The net worth per the balance sheet has increased by £122.814m to £468.184m. Overall the financial position of the Council remains stable.

6. IMPLICATIONS

6.1	Policy –	None.
6.2	Financial -	None, summarises the financial position for 2021-22
6.3	Legal -	None.
6.4	HR -	None.
6.5	Fairer Scotland Duty -	None.
6.5.1	Equalities -	None
6.5.2	Socio-Economic -	None
6.5.3	Islands Duty -	None
6.6	Climate Change -	None.
6.7	Risk -	None.
6.8	Customer Service -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
21 June 2022

Gary Mulvaney - Policy Lead for Finance and Commercial Services

Appendix 1 – Unaudited Annual Accounts 2020-22

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

Argyll and Bute Council



Comhairle Earra Ghàidheal agus Bhòid



Unaudited Annual Accounts
for the year ended 31 March 2022

LANGUAGE OPTIONS

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

Ma tha sibh ag iarraidh an sgrìobhainn seo ann an cànan no riochd eile, no ma tha sibh a' feumachdainn seirbheis eadar, feuch gun leig sibh fios thugainn.

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यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

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ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

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Management Commentary

1. INTRODUCTION

Welcome to the financial statements for Argyll and Bute Council and its group for the year ended 31 March 2022. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2021-22 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. PROFILE OF ARGYLL AND BUTE COUNCIL

The report starts with outlining some key facts about Argyll and Bute.

Argyll and Bute Facts – Our Profile

ARGYLL AND BUTE FACTS – PLACE

POPULATION



85,430

Giving a population density of approximately 12 people per square kilometre which is the third lowest in Scotland



Argyll and Bute population has decreased by 0.51%

This was mainly driven by a decline in the 25-44 age group

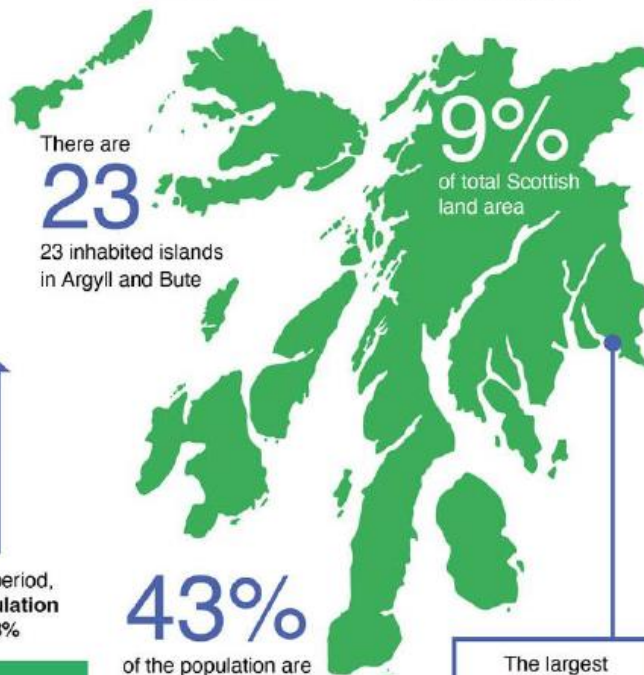
Between 2008 and 2020



Over the same period, Scotland's population rose by 0.38%

This is the third largest decline in population by a council area in Scotland

Islands account for **17%** of the population



There are **23** 23 inhabited islands in Argyll and Bute

Argyll and Bute covers over

2,668

square miles and is the second largest local authority by area in Scotland.

9% of total Scottish land area

43% of the population are classed as living in remote rural areas

The largest settlement is **Helensburgh** with a population of **15,160** people

Argyll and Bute Facts – Our Council

ELECTED MEMBERS



36

in total across
Argyll and Bute

For every ward
there are at least
3 councillors that
represent the area
you live in.



Argyll and Bute is split into 11 multi-councillor areas or wards

ELECTORAL WARDS

- Cowal
- Dunoon
- Helensburgh Central
- Helensburgh and Lomond South
- Isle of Bute
- Kintyre and the Islands
- Lomond North
- Mid Argyll
- Oban North and Lorn
- Oban South and the Isles
- South Kintyre

THE COUNCIL IS A MAJOR EMPLOYER IN ARGYLL AND BUTE

4,663

Employed across
Argyll and Bute Area



There are

3,557

full time equivalent employees

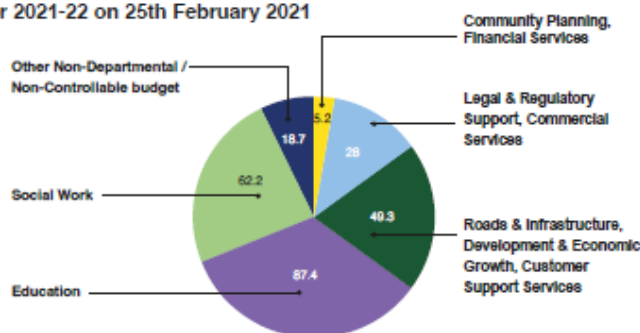


The Council has set the revenue budget for 2021-22 on 25th February 2021

The total revenue budget is

250.8M

Financed by Scottish Government Grant of £205.7m and Council tax of £52.9m (some of this funding was transferred to support the capital programme and create a COVID provision in reserves)



3. MISSION AND PRIORITIES

The Council's Corporate Plan 2018-2022 was approved in February 2018 and sets out our mission, vision and priorities for the next 5 years. Our mission: ***To make Argyll and Bute a place people choose to Live, Learn, Work and Do Business.***

Service Plans are also agreed and detail the measures, targets and timescales to achieve the required results. Service Plans are aligned to the Corporate Plan and the Argyll and Bute Outcome Improvement Plan. Our Corporate Plan 2018-2022 can be found on the Council website.

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.***

Management Commentary

Our six outcomes are:

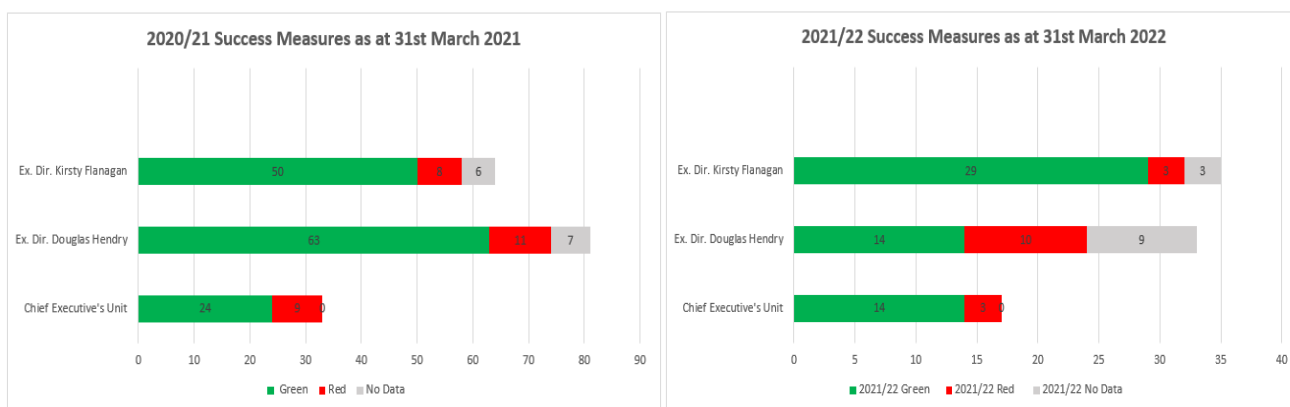
- People live active, healthier and independent lives
- People will live in safe and stronger communities.
- Children and young people have the best possible start
- Education skills and training maximise opportunities for all
- Our Economy is diverse and thriving
- We have an infrastructure that supports sustainable growth

The performance of the Council is reported on the Council's website. Performance is reviewed by the Strategic Committees and then the Council and departmental performance reports and scorecards are presented to the Audit and Scrutiny Committee on a half-yearly basis.

In 2021-22 we have tracked our progress on delivering our outcomes through 17 business outcomes and 85 success measures which are recorded on the Council's scorecard. Progress is identified using a Red or Green status indicator to track performance. Of the 85 success measures in 2021-22 of which 57 were green (67%), 16 were red (19%) and for 12 (14%) no data is currently available.

For comparison purposes as at 31 March 2021, there were 178 success measures and 137 were green (77%), 28 were red (16%) and 13 had no data (7%). An analysis by department is shown below. It should be noted that Covid has had an impact not just on our performance but also the ability for collecting and collating data. As a result the status of some measures that are currently displaying red or off-track may change in due course as data becomes available.

2020-21 and 2021-22 Success Measures Performance as at 31 March



Some of our achievements, and the challenges we faced, in relation to the Council's agreed Corporate Outcomes are highlighted below.

Management Commentary

People Live Active Healthier and Independent Lives

The empty homes services has an empty homes officer (EHO) who has an overall remit to assist and encourage owners to bring empty homes back into use. Wider outcomes, working in partnership include:

- Over 500 empty homes brought back into use.
- First Empty Homes Compulsory Purchase Order concluded - renovation works undertaken with no financial support and flat leased as private let.



- Worked in conjunction with Mull and Iona Community Trust to undertake joint communication exercise with all registered empty home owners on the Island.
- Hebridean Trust in Tiree supported by the EHO to drive forward plans for the long term use of all their buildings whilst assisting them to bring six listed empty flats back into use. Due to the scale of scheme, the EHO established a working group of relevant partners to maximise support to take this project forward.
- The EHO is working with Islay Development Initiative to bring two empty flats back into use as affordable housing. This also provides unique opportunity to consider a plug and play model on the grounds of property for additional housing provision.
- Winner of outstanding team and Scottish Empty Homes Conference 2022.

People will live in safer and stronger communities

The Trading Standards Team initially maintained a reactive presence, which, as restrictions allowed moved to a proactive planned approach. This despite Covid, impacts allowed the Team to deal with a high proportion of all premises identified as high risk.

Developed the Community Safety Partnership Strategy 2021-2023 which underpins the Argyll and Bute Outcome Improvement Plan and sets out strategic priorities in relation to:

- We live in a safe and positive community
- We encourage safer road and water use
- Our natural and built environment is protected
- Our communities are supported and included.

It also identifies how key partners including the Council, Police Scotland, Scottish Fire and Rescue Service, HM Coastguard, Health & Social Care Partnership (HSCP), Third Sector Interface (TSI) and local groups will bring together resources to ensure that Argyll and Bute is a safer place to live, work and visit.



Community Safety Partnership Strategy 2021-2023 Argyll and Bute

Management Commentary

Education skills and training maximise opportunities for all

The level of participation in education, training or employment for 16-19 year-olds in Argyll and Bute in the data released in September 2021 was 93.5%. Although constituting a slight fall from the 2020 measure of 94.1%, the Argyll and Bute figure is still 1.3% above the national average and the Authority remains in the top 10 authorities nationally for participation levels. Strong and enhanced partnership working between Education, Developing the Young Workforce, Skills Development Scotland and third sector partners, involving training and sharing of data, is contributing to the Authority's strong performance in participation.

Children and young people have the best possible start



MAKI Pups Outdoor Nursery opened in 2021, and is operated by ACT – Argyll and the Isles Coast and Countryside Trust. Their vision provides for 3-5 year old children and their families from the Mid Argyll area, to develop an appreciation and ownership for their natural environment, the ability to understand and enjoy the adventures and challenges that outdoor learning offers. The Nursery are passionate about the positive impact, both physically and emotionally, that being outdoors can have on the youngest children. They want the best for our children, as they start on their journey into lifelong learning and strongly believe that the outdoor environment will provide children with the opportunity to grow, learn and develop into young people and adults who care for, respect and appreciate their world and everything in it.

MAKI Pups Outdoor Nursery is set against the backdrop of Kilmory Council headquarters, and uses the Curriculum for Excellence and other national framework and documentation to provide a curriculum based on the seven design principles and promoting inclusion for all. The Nursery offers fully funded early learning childcare and private wraparound care. At the nursery, children have a variety of areas where they have access to – mud kitchens, firepit area where they can enjoy their snack and, tell and hear stories, and the hobbit house. There are plans for the children to grow their own herbs and other foods, all of which helps children learn about a more sustainable future.

The site the Nursery is situated on, is owned by the Council, and the Council will maintain and improve existing facilities and provide a new “hobbit house” shelter and waterless toilets for the nursery. Children are heavily involved in how the Nursery will grow – they have access to children's tools to help with making their own equipment and play areas – children are taught the philosophy in relation to loose materials, for example wood and tyres, that “something can make anything”.

Management Commentary

Our economy is diverse and thriving

A Rothesay Townscape Heritage (TH) grant of £311,601 supported the comprehensive repair of a prominent listed building in multiple ownership, serving to safeguard the property for future generations whilst helping to lift the appearance of Rothesay's town centre.

Before



After



Traditional materials and methods of repair were used to ensure best practice, and align with Historic Environment Scotland's Advisory Standards of Repair. Works encompassed roof works, including leadwork, chimney and skew repairs, as well as substantial masonry works to front, rear and gable elevations, which included stone indents and stone replacements, as well as full re-pointing and structural repairs. Rainwater goods and dormer windows were also restored and the roof inspected for rot and treated accordingly. Timber sash and case windows were restored, and uPVC windows replaced in timber. New close doors were added to front and rear.

Rothesay TH is a heritage-led partnership project that is funded by National Lottery Heritage Fund, Historic Environment Scotland, Argyll and Bute Council, Highlands and Islands Enterprise, Smarter Choices Smarter Places and LEADER. The partnership funding totals, £2,746,049. It is anticipated with private owner contributions included, the total value of the project will be in excess of £3.2m. The programme is being delivered over a 5 year period, and will conclude on 31st March 2023.

Our economy is diverse and thriving

In response to community concerns, as tourism opened up after Covid restrictions, we developed and promoted our 'Have a great time. Be a great visitor' message and campaign, bringing together information from different organisations.



We have an infrastructure that supports sustainable growth

Over the course of 2021/22 we have progressed with a number of ambitious marine engineering schemes designed to guarantee safe and sustainable future transport connectivity for our island communities. These include:

Craignure - Developing the concept of this scheme towards a detailed design including significant public engagement where a community group is working with council on elements of the design process.

Fionnphort/Iona - At this location we are progressing a £20million scheme to replace/renew key pieces of marine infrastructure to allow for full and unfettered access to and from Iona.

Management Commentary



We have an infrastructure that supports sustainable growth



Towards the end of the financial year, we were successful in securing a £5.5m grant for bridges and structures improvements/replacement. This will enable a number of bridges to be strengthened and/or replaced over the coming years, providing more resilience to transport infrastructure whilst also reducing some of the routine revenue maintenance work.

We have an infrastructure that supports sustainable growth

The Council is working towards the 2025 Biodegradable Municipal Waste (BMW) ban and the end of the Waste PPP contract in 2026. While these significant changes are some years in the future the planning is already underway. The BMW ban will pose a significant and ongoing financial risk to the Council. Officers are currently engaged on a number of fronts working with Scottish Government and neighbouring local authorities to plan for/reduce the impact. It is likely that Argyll and Bute will need additional transfer stations particularly in the Helensburgh and Lomond area to help create logistical efficiency.



Management Commentary

4. FINANCIAL PERFORMANCE 2021-22



The Council has a robust financial reporting framework in place and a comprehensive monitoring pack is prepared and presented to every Policy and Resources Committee. This includes reports on the revenue budget, capital plan, financial risks, treasury monitoring, reserves and balances and delivery of any previously agreed savings. The financial framework is shown on the left.

Revenue: Outturn against Budget

The performance against budget for financial year 2021-22, after adjusting for automatic and proposed earmarked reserve proposals, was an overall underspend of £1.630m, 0.59% as summarised in the table below. (The corresponding position for 2020-21 was an underspend of £0.188m, 0.07%.)

2021-22 Final Revenue Budget Outturn

	Actuals	Budget	Variance	Percentage
		Adjusted for Earmarkings	(Overspend) Underspend	
	£000	£000	£000	%
Chief Executive's Unit	5,308	5,326	18	0.34%
Executive Director (Douglas Hendry)	115,160	115,383	223	0.19%
Executive Director (Kirsty Flanagan)	49,123	49,697	574	1.16%
Total Departmental Expenditure	169,591	170,406	815	0.48%
Joint Boards	1,490	1,496	6	0.40%
Loans Charges	9,382	9,382	0	0.00%
Pension Costs	1,798	1,745	(53)	(2.99%)
Other	9,664	9,279	(385)	(4.15%)
Total Central Expenditure	22,334	21,903	(432)	(1.97%)
Social Work	62,871	62,871	0	0.0%
Total Social Work Expenditure	62,871	62,871	0	0.0%
Total Expenditure	254,796	255,098	383	0.12%
Total Funding	278,706	277,459	1,247	0.45%
UNDERSPEND			1,630	

Management Commentary

Within the Chief Executive's Unit (Community Planning and Finance) there was a small underspend which was largely due to a reduction in travel costs as a result of COVID-19 restrictions and new ways of working.

Within the remit of Executive Director Douglas Hendry (Education, Legal and Regulatory Support and Commercial Services) the main underspends were due to an over recovery of vacancy savings, reduced catering in schools due to less demand as a result of COVID-19, reduced running costs within Early Learning and Childcare and an underspend in NPDO and Hub Schools arising from insurance savings and the settlement of historic disputed cost reductions. The main overspends related to external residential placements within Education.

Within the remit of Executive Director Education Flanagan (Roads and Infrastructure, Development and Economic Growth and Customer Support Services) the main underspends were due to the over recovery of vacancy savings, additional income within Environmental Health, one-off income in Housing and additional planning fee income. The main overspends were due to the under recovery of building warrant fees and transportation project costs.

The main reason giving rise to the overspend in central costs was due to insurance costs being higher than budget by £0.339m.

Social Work, managed by the Health and Social Care Partnership, were underspent by £1.738m this was after accounting for repayment of outstanding debt to the Council of £2.759m therefore clearing the balance of any debt owed to zero. As per CIPFA/LASAAC Guidance, the remaining underspend on the HSCP has been recognised as a creditor on the Council's balance sheet making the funds available to Social Work to spend in future years.

There was a favourable position in relation to Council Tax funding, where collection rates were greater than anticipated and this was assisted by £0.450m of Low Income Pandemic Payments (LIPP) that were credited directly to Council Tax accounts.

The overall favourable position for Departmental and Central Expenditure Budgets has provided the opportunity to earmark unspent budget for specific purposes aligned to the objectives, priorities and targets of the Council.

Delivery of 2021-22 Agreed Savings

The Council has been required to make significant budget savings for a number of years in order to ensure it responds to continued funding reductions, rising cost pressures and complies with its statutory requirement to set a balanced budget whilst meeting the needs of local residents.

Budget savings of £2.699m (64 saving options) were agreed for 2021-22. These, and savings agreed in previous years which had to be delivered in 2021-22 totalling £0.076m (17 saving options), were monitored throughout the year. The chart on the right shows the overall delivery of savings and any shortfall was absorbed within departmental resources as is evidenced from the overall departmental underspends. These saving options are all recurring in nature.



Management Commentary

Capital: Outturn against Budget

The net 2021-22 capital expenditure was £24.831m compared to an annual budget of £31.012m, (adjusted for previously agreed slippages, accelerations and virements) giving rise to a year end slippage/underspend of £6.181m (19.9%). There are a number of under and (overspends) within the outturn position, the most significant are noted below:

Project	(Over) / Under Spend (£m)
Harbour Investment Programme	2.484
Education (Asset Sustainability)	0.889
Roads and Infrastructure (Asset Sustainability)	0.670
Shared Office Accommodation (Asset Sustainability)	0.547
Clean Energy/Climate Change	0.464
HSCP Projects	0.250
Helensburgh Waterfront Development	0.238
Campbeltown Flood Scheme	0.231
Live Argyll Projects	0.142
Nature Restoration Fund	0.108

After accounting for previously agreed slippages, the total slippage in the capital programme in 2021-22 was £28.217m. As reported in Audit Scotland's Financial Overview 2020-21, capital expenditure across Scotland's councils reduced by more than 20% as a result of COVID, impacting both cost and delivery plans. This is something that has continued in 2021-22.

There are 180 projects within the Capital Plan: 94 of the projects are complete or on track which equates to 52%.

Health and Social Care Partnership (HSCP)

The Argyll and Bute Integration Joint Board (IJB) with responsibility for Social Work and a range of health services was established and came into effect on 1 April 2016. The Council approved the 2021-22 budget on 25 February 2021 and the amount approved for Social Work services transferring to the Integration Joint Board for 2021-22 was £62.211m. The budget figures quoted in the previous outturn table include in-year adjustments.

In terms of the outturn position, the HSCP has reported a breakeven position for 2021-22 and has repaid the £2.759m balance owed to the Council in relation to the debt which had accumulated from overspends in previous years. The early repayment of this debt places the HSCP in an improved financial position which will enable it to accelerate its service transformation programme. The Council has a creditor totalling £2.201m on its balance sheet in relation to earmarked reserves which the Council holds on behalf of the HSCP. The earmarked balance comprises £1.519m of Scottish Government funding for a range of specific Scottish Government Initiatives and £0.682m for service transformation and infrastructure investment.

5. FINANCIAL STATEMENTS

Expenditure and Funding Analysis Statement

The Expenditure and Funding Analysis Statement shows how the Council funding is spent across services. It also compares to the expenditure shown in the Statement of Comprehensive Income and Expenditure and details the differences between the two. The differences are a result of accounting statutory adjustments that are required within the Statement of Comprehensive Income and Expenditure, for example, depreciation, pension adjustments etc.

Management Commentary

Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the accounting cost of providing services rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2021-22. These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2022. Internal income also requires to be removed between segments within the CIES.

During 2021-22 the Council managed a range of COVID support funding made available by the Scottish Government. The disclosure of these transactions in the Council's financial statements depends on whether the Council is acting as an agent (i.e. acting as an intermediary) or a principal (acting on its own behalf). LASAAC Guidance on Accounting for Coronavirus Grants has confirmed that where the Council is acting as an agent it should not recognise the transactions as income or expenditure in the Comprehensive Income and Expenditure Statement although it is necessary to recognise a creditor (where funding from the Scottish Government has been provided in advance) or debtor (where funding is provided in arrears) in the Balance Sheet. This guidance has been applied to the Council's 2021-22 financial statements.

Reconciliation of CIES to Revenue Budget Outturn

A reconciliation of the Surplus on the Provision of Services of £1.025m as noted in the CIES to the revenue budget outturn of £1.630m underspend is shown below.

Reconciliation of CIES to Revenue Budget Outturn

	£000	£000
Surplus/(Deficit) on Provision of Services		1,025
<i>Remove statutory adjustments that don't feature in budget outturn:</i>		
Depreciation	23,325	
Impairment of Assets charged to services	1,252	
Capital Funding	(21,700)	
CFCR	(735)	
Pension Adjustment	23,700	
Statutory Repayment of Debt	(2,514)	
Repayment of Finance Leases	(4,844)	
Transfers to/from Other Statutory Reserves	(553)	
Other Adjustments	(671)	
		17,260
Movement In General Fund Balance		18,285
	£000	£000
<i>Adjust for earmarkings:</i>		
Released sums earmarked to service budgets 2021-22	18,923	
Revenue Budget 2021-22 - investment in Capital	(2,975)	
COVID allocation to reserves	(7,562)	
Repayment of Social Work Overspend by HSCP	(2,759)	
Contributions to earmarked reserves 2021-22	(22,280)	
		(16,653)
Rounding		(2)
Revenue Budget Underspend/(Overspend)		1,630

Management Commentary

Balance Sheet

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2022 and explanatory notes are provided. The net worth of the Council has increased by £122.814m from £345.370m as at 31 March 2021 to £468.184m as at 31 March 2022. The major changes are set out in the table below.

Main Balance Sheet Changes

	31/03/2021 £000	31/03/2022 £000	Change £000	Main Reason
Long Term Assets	671,332	687,461	16,129	Revaluation of fixed assets and addition of pension debtor due to an increase in investment returns
Current Assets	103,849	123,285	19,436	Investments previously categorised as long term now moved to short term as due to mature in less than 1 year.
Current Liabilities	(55,667)	(66,513)	(10,846)	Increase in temporary borrowing after a period of little/no borrowing during the height of the pandemic.
Long Term Liabilities	(374,144)	(276,049)	98,095	Pension liability reduced to zero as investment returns have been greater than expected leading to positive return on assets.
Total	345,370	468,184	122,814	

Provisions

The Council has provisions totalling £4.310m on the Balance Sheet as detailed in Note 28 to the Accounts. The larger provisions, those £0.250m or over, are summarised below.

- £1.989m for landfill sites. A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council at Glengorm, Gartbreck and Gott Bay. These have been provided for based on the net present value of estimated future costs.
- £1.483m for NPDO and Hub DBFM Payments. This provision is held in relation to disputed performance deductions and unbilled utility costs.

Pension Asset

The Council is required to account for its share of the Strathclyde Pension Fund assets and liabilities. The information included in the Accounts is provided by the Pension Fund actuaries following the annual valuation of the Fund.

The Council's share of the assets of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels etc. The asset relates to benefits earned by existing or previous employees up to 31 March 2022.

There has been a significant change in the pension valuation from a £82.314m liability in 2020-21 to a £4.634m asset in 2021-22. This is as a result of investment returns being greater than anticipated by our actuaries leading to positive return on assets.

The pension liability or asset can fluctuate significantly year on year. The table below shows the pension liability or asset over the last three years. Further detail on the pension estimates are included within Note 30.

Pension Liability at the end of the financial year

	2019-20 £000	2020-21 £000	2021-22 £000
Pension (Liability)/Asset	(67,346)	(82,314)	4,634

Management Commentary

Borrowing

During 2021-22 the Council's external borrowing increased by £4.9m from £170.4m as at 31 March 2021 to £179.5m as at 31 March 2022. The increase was due to temporary borrowing taken out at the year end for cash flow purposes.

The Council was under borrowed by £14.4m at 31 March 2022. This was due to higher than normal levels of cash balances partly due to slippage in the capital programme meaning there was no requirement to borrow at this stage.

The Council's 2022-23 'Treasury Management Strategy and Annual Investment Strategy' was approved at the full Council meeting on 24 February 2022 and outlines the Council's capital prudential and treasury indicators.

Statement of Movement in Reserves

This Statement shows the movement on the different reserves held by the Council, analysed into usable reserves (resource backed reserves which can be used to fund expenditure) and unusable reserves (required purely for accounting purposes and are not backed by resources).

The balance of unusable reserves has increased by £103.973m from £260.585m as at 31 March 2021 to £364.558m as at 31 March 2022. The main reason for this movement is the increase in the pensions reserve noted earlier in this commentary plus smaller accounting adjustments required through the Capital adjustment account and revaluation reserve.

The balance of usable reserves has increased by £18.841m from £84.785m as at 31 March 2021 to £103.626m as at 31 March 2022. This is due to an increase to the General Fund of £18.285m in addition to small increases to the Capital Fund outlined in Note 33.1 and the Repairs and Renewals Fund outlined in Note 33.2.

In respect of the General Fund Balance movement, there has been an increase of £18.285m from a balance of £78.245m to £96.530m and the detail on the movement in the balance is summarised within the table below. The increase largely relates to the timing of Scottish Government funding that was unspent at the end of the year such as COVID funding, unspent grants including LACER, ELC 1140 hours and Crown Estates, and Scottish Government Initiatives such as Employability and the expansion of free school meals. It is expected that other Local Authorities will have a similar increase to their General Fund Balance due to the timing of the funding. Detail on all the earmarking is included within Note 5 to the Accounts.

Movement on General Fund Balance

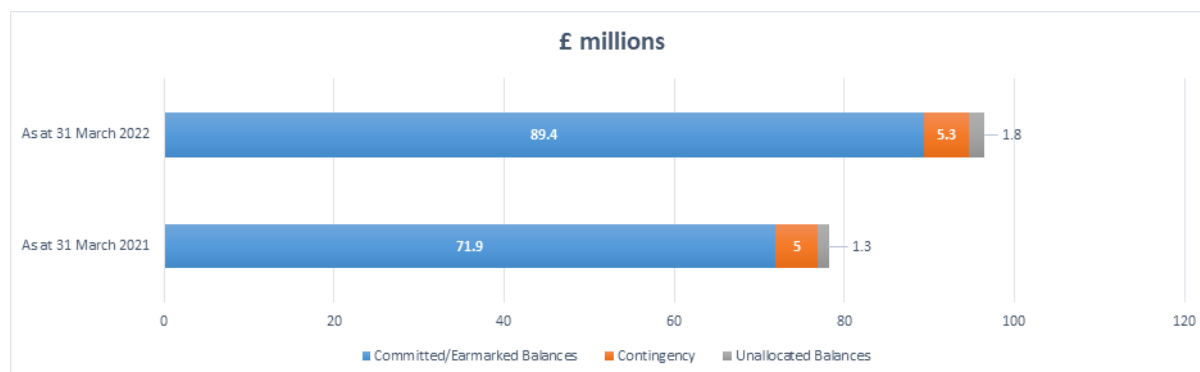
	£000
Balance on General Fund 31 March 2021	78,245
Social Work Repayment of Debt	2,759
Revenue Budget 2021-22 – investment in capital (held in reserves)	2,975
Revenue Budget 2021-22 – COVID allocation to reserves	7,562
Released sums earmarked to service budgets 2021-22	(18,923)
Contributions to earmarked reserves 2021-22	22,280
Overall budget underspend as noted above	1,630
Rounding	2
Balance on General Fund 31 March 2022	96,530

Management Commentary

General Fund Balance

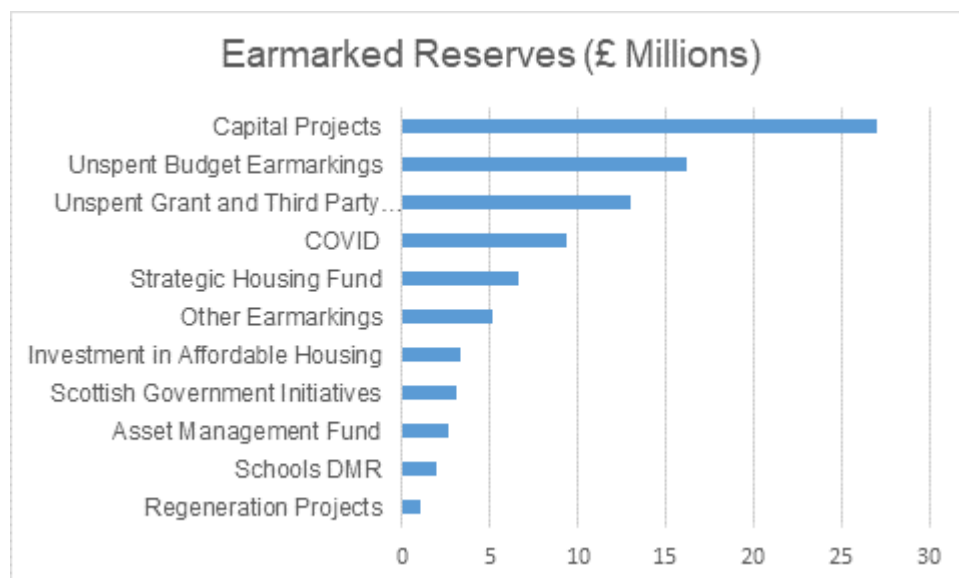
The chart below shows what is included within the General Balance as at 31 March 2022 with a comparison to the position as at 31 March 2021.

General Fund Balances as at 31 March 2021 and 31 March 2022



An analysis of the earmarked balances are shown in the chart below.

Earmarked Balances held in the General Fund as at 31 March 2022



Group Accounts

The Group accounts include Dunbartonshire and Argyll & Bute Valuation Joint Board, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee as Associates as the Council have “significant influence” over their financial and operating policies. Live Argyll is a wholly owned subsidiary of Argyll and Bute Council and is consolidated within the group accounts on a line by line basis.

In addition, the Council’s Common Good Funds have been fully consolidated into the Group Accounts and Note 37 gives further details on the Council’s Common Good Funds.

The effect of inclusion of the Associates, Subsidiary and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £24.186m. This gives an overall net asset position

Management Commentary

for the Group of £492.370m, an increase of £134.400m from the previous year. The most significant increase is the swing in the pension position from a liability in 2020-21 to an asset in 2021-22 and the increase in the General Fund Balance as noted earlier in the commentary.

The Argyll and Bute Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the strategic planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. Argyll and Bute Council contributed £62.871m towards the Argyll and Bute Integration Joint Board in the 2021-22 financial year. All transactions are accounted for and shown within the single entity statements and the IJB are treated as a Joint Venture within the Group Accounts therefore a share of their overall surplus and net assets have been recognised in the Group Statements.

6. KEY FINANCIAL INDICATORS

The financial indicators outlined below have been developed to assist the reader in assessing the performance by the Council over the last financial year and the affordability of its ongoing commitments.

Key Financial Indicators

Financial Indicator	2020-21	2021-22	Comment
Unallocated General Fund Balance as a proportion of next year's Annual Budgeted Net Expenditure	2.53%	2.70%	Reflects the level of funding available to manage financial risk/unplanned expenditure. This includes the 2% contingency. The 2021-22 position is similar to the 2020-21 one and confirms there are sufficient reserves to meet any unplanned expenditure.
Movement in the Unallocated General Fund Balance	No Change	£0.5m	Reflects the extent to which the Council is using its Unallocated General Fund Balance (excluding contingency). A small increase in the 2021-22 balance reflects a degree of stability in the Council's financial position.
In-year Council Tax collection rate	96.12%	96.28%	Reflects the Council's effectiveness in collecting Council Tax debt compared to a target of 96%. The target continues to be exceeded.
Ratio of Council Tax Income to Overall Level of Funding	18.87%	19.08%	Reflects the capacity of the Council to vary expenditure by raising Council Tax income.
Actual Outturn compared to budgeted expenditure	£0.188m 0.07%	£1.630m 0.59%	A measure of how the final outturn compares to the budgeted position. The surplus is a reflection of the effectiveness of the Council's financial management.
Capital Financing Requirement (CFR) for the current year	£296.662m	£309.092m	Measurement of requirement to borrow for capital purposes. The increase in 21-22 reflects the gradual recovery of the capital programme after the impact of the COVID-19 pandemic.
External Debt Levels for the current year	£168.805m	£177.934m	Actual borrowing for capital investment levels. Increase in 2021-22 due to temporary borrowing taken at the year end for cash flow purposes.
Ratio of financing costs to net revenue stream	4.35%	3.37%	Measures the percentage of income that has been committed towards meeting the costs of borrowing. The more income needed to fund financing costs the less that is available to meet other revenue expenditure therefore the 2021-22 ratio reflects an improved position.

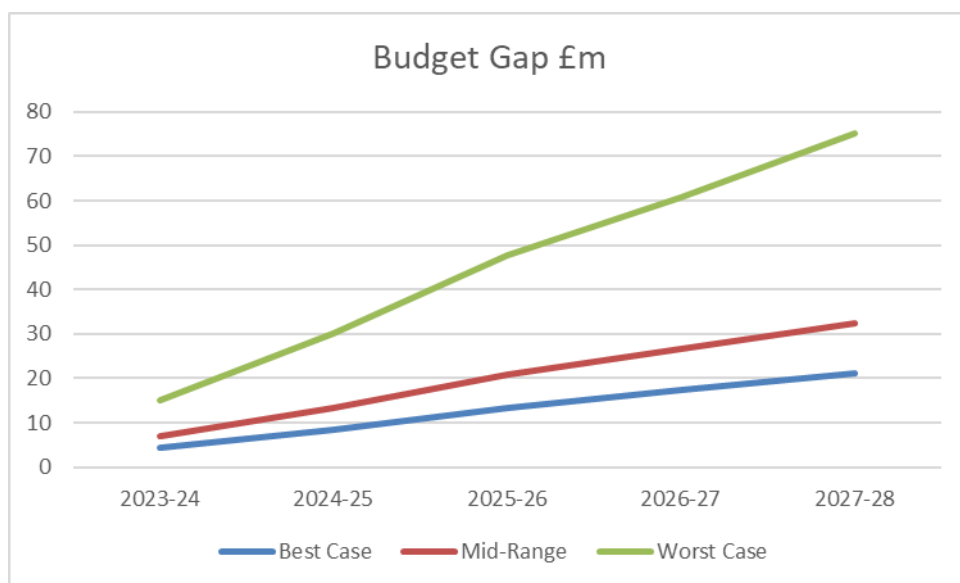
Management Commentary

7. OUTLOOK

A five year financial outlook informing Council of the estimated budget gap covering the period 2022-23 to 2026-27 using best case, worse case and mid-range scenarios was kept up to date during 2021-22 and presented to the Policy and Resources Committee in May, August, October and December 2021.

Preparing any forward looking financial outlook is challenging due to the levels of uncertainty however, the assumptions used to inform the outlook are reviewed and updated regularly. The Council has a strong track record in financial management as recognised by previous years annual external audit reports and the Council's Best Value report issued in May 2020. The chart below shows the cumulative budget gap over the next five years as reported to the Policy and Resources Committee on 16 June 2022.

Cumulative Budget Gap 2023-24 to 2027-28 as reported on 16 June 2022



Budget Strategy

A report to Council on 24 June 2021 set out the approach to the 2022-23 revenue budget process and identification of savings to balance the 2022-23 budget. It was agreed that a cross party Budget Working Group (BWG) be established comprising six elected members from the administration, three elected members from the opposition and two Trade Union representatives. The BWG's role was to engage with officers and provide a sounding board to assist in the development and identification of savings options. It does not have any decision making authority but can report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose was to assist in the savings identification process and provide a degree of scrutiny over options as they are being developed.

New savings options were identified by officers and presented to the BWG at meetings held on 21 September 2021 and 2 November 2021, 16 December 2021 and 20 January 2022. The BWG agreed a suite of options which were presented to the Policy and Resources Committee on 9 December 2021 which would deliver £2.522m in savings in 2022-23, some were one-off and some were recurring. The BWG met again on 16 December 2021 and 20 January 2022 which has resulted in the savings options being further refined with the additional of two new savings options totaling £0.280m in 2022-23.

The Council continues to be committed to developing multi-year savings proposals with a focus on longer term planning. The additional work and pressure on teams as a result of COVID during 2021-22 meant that there had to more of a focus on balancing the 2022-23 budget, however, some of the savings options impact on future years. The Scottish Government Resource Spending Review published on 31 May 2022 is hoped to provide sufficient information to allow Council's to plan with more certainty as it

Management Commentary

will set out the spending plans for the remainder of the parliament term 2023-24 to 2026-27. As with previous years, it is the intention to establish a cross party Budget Working Group who would meet early August to commence the budget discussions for 2023-24 and beyond.

COVID Pandemic

The COVID pandemic is now showing signs of receding, however, much work relating to recovery and renewal is still being undertaken. The Council still have COVID related funding as we move into financial year 2022-23 including the Recovery and Renewal Fund, Local Authority Covid Economic Recovery Fund monies (as reported to Council on 28 April 2022) as well as a provision for capital contract increases. We are experiencing significant increases in prices for capital works due to issues such as disruptions to the supply chain for both labour and materials and longer lead times in relating to the construction sector and material availability.

Cost of Living Crisis

The 'cost of living crisis' refers to the fall in 'real' disposable incomes (that is, adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. It is being caused predominantly by high inflation outstripping wage and benefit increases and has been further exacerbated by recent tax increases including National Insurance (cost to the Council in 2022-23 is £0.850m). As well as affecting individuals, the cost of living crisis is having a significant impact on Council services.

The latest inflation data has the current CPI at 9% in the 12 months to April 2022. The Bank of England aims to keep the CPI rate of inflation at 2% plus or minus 1% (i.e. between 1% and 3%). As a result of the rising inflation, the Council is seeing significant increases in all areas of supplies, but specifically in utilities and fuel costs and it will be extremely challenging to contain spending within current resources.

The pay award for 2022-23 has still to be agreed and there is increasing pressure from the Trade Unions to have a fair and equitable increase in light of the current cost of living. The Trade Unions have noted the rise in energy prices, transport costs, food prices and the current rate of inflation, in addition to the increase in National Insurance Contributions as the main reasons for their pay claim. The Council have budgeted 2% for pay inflation in line with two thirds of other Councils as this is deemed to be affordable, however, this falls well short of the Trades Unions request. Every 1% over and above what is budgeted would add an additional pressure of circa £1.5m to the Council's expenditure.

These cost of living increases come at a time when the Scottish Government Resource Spending review published on 31st May 2022 advises that the funding to Local Government will remain as flat cash until 2026-27.

Rural Growth Deal

The Council continues to take forward the £70m Rural Growth Deal (RGD) following the signing of the Heads of Terms in February 2021. Both UK and Scottish Governments are contributing £25m each with a further £20m (at least) match funding from the Council and partners. The focus is now on developing outline business cases and linking to new and evolving funding streams that can increase the economic and social benefits of the deal on our communities. A programme office is now established and good progress is being made on the outline business cases.

Levelling Up Fund

The UK Government's Levelling Up Fund was announced by the Chancellor at the 2020 Spending Review. It is a fund jointly managed by HM Treasury, the Department for Levelling Up, Housing & Communities and the Department for Transport. It is worth £4.8 billion and is intended to support capital investment projects in town centre and high street regeneration, local transport projects, and cultural and heritage assets which must be bid for via a competition.

Management Commentary

The fund focuses investment on projects that require up to £20m of funding. There is however no minimum bid level. For higher-value transport schemes, there is also scope in securing investment in larger projects up to £50m by exception, but these will be subject to more detailed business case processes and will need to score highly overall across the bidding criteria.

The Council is working up two bids (£20m regeneration bid and £50m transport bid) which will be submitted by the deadline of 6 July 2022. The council has chosen to prepare packaged bids to better reflect the economic, population and geographic challenges of Argyll and Bute as a predominately rural region. It is considered that these bids could be potentially transformational for our economy, as a place to live, invest and visit. The bids take account of strict delivery deadlines of the fund spending profile and the need to reach net zero. The fund is highly competitive with no guarantee of success however all of the work to date has helped to develop the different project elements of each bid package to a shovel ready status.

It is expected that we will hear around October 2022 as to whether the Council has been successful in the bids.

Risks

The Council's Strategic Management Team (SMT) actively manage strategic risks via a six monthly review of the Strategic Risk Register (SRR) which adopts established risk management arrangements including reviewing current mitigating measures and identifying key actions to further mitigate them. These actions are designed to be consistent with the work required to deliver services which are aligned to the Council's objectives through the Council's strategic and service plans. Furthermore departmental management teams review their operational risk registers (ORR) on a quarterly basis with all red risks identified in ORRs being reported to the SMT to ensure they are sighted on all emerging high priority risks.

The SRR currently has 12 strategic risks which are categorised using a RAG (Red, Amber, Green) Status based on the residual impact and likelihood of crystallisation after accounting for mitigation measures. There are currently three risks classified as red as set out in the diagram below which also summarises the current mitigating actions. These are issues that the Council continues to manage through programmes of work such as the Rural Growth Deal, and the Levelling Up Fund, also the progression of a new Waste Strategy with a particular focus on the 2025 ban on Biodegradable Municipal Waste and reviewing contingency plans and disaster recovery plans in relation to Cyber Security.

Management Commentary

Economic and Population Decline

- Maximise external funding
- Rural Growth Deal
- Levelling Up Fund
- Promote and market Argyll and Bute

Waste Management

- Developing options for new Waste Strategy
- Planning for impact of Bio-degradable Municipal Waste Ban 2025
- Planning for impact of Scottish Deposit Return Scheme

Cyber Security

- Contingency Planning
- Raising Cyber Security awareness
- Disaster Recovery Plan
- Work with Scottish Government Cyber Resilience Team

8. CONCLUSION

The Council has continued to have good financial planning arrangements in place in 2021-22, and have managed the additional complexities and pressures brought about by COVID to ensure they operated within budget in 2021-22 and are in a strong position to manage the financially challenging times which remain ahead including the uncertainty about future funding levels and the longer term impact COVID will have on the national and local economies. The Council are committed to deliver the best services to the people of Argyll and Bute within the available resources and to supporting local business recover from the impact of COVID.

9. ACKNOWLEDGEMENTS

We would take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to both Elected Members and staff for their continued hard work and support.

Cllr Robin Currie
Leader

Pippa Milne
Chief Executive

Kirsty Flanagan
Section 95 Officer

Statement of Responsibilities for the Annual Accounts



THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Executive Director;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- to approve the Annual Accounts for signature.

SECTION 95 OFFICER RESPONSIBILITIES

The Section 95 Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (The Code).

In preparing the Annual Accounts, the Section 95 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates on a reasonable basis;
- complied with legislation;
- complied with the Local Authority Accounting Code of Practice 2021-22 (in so far as it is compatible with legislation).

The Section 95 Officer has also:

- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2022.

Kirsty Flanagan
Section 95 Officer

BACKGROUND / SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles and requirements of the CIPFA/SOLACE revised Framework for 'Delivering Good Governance in Local Government 2016 and the Guidance Notes for Scottish Authorities 2016'. This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Legal and Regulatory Services, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The seven key principles of our governance arrangements in 2021/22 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

We have developed and communicated an Ethical Framework within the Council's Constitution, which defines standards of behaviour for members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities and is incorporated into the Council's Constitution as part of the ethical framework which also includes a protocol for the monitoring officer. A register of members' interests is available on the Council's website.

The Constitution has a section on conduct at meetings and meeting agendas require declarations of interest to be made where appropriate.

Anti-fraud and whistleblowing policies are in place and the Council has adopted the SPSO's Model Complaints Handling Procedure.

Standing orders for meetings are included within the Council's constitution and training and support is provided to members on their role in Council committees.

The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

2. Ensuring openness and comprehensive stakeholder engagement.

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the Council, both current and historic. This includes a section which publicises the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they were informed by the consultation process. This is part of our commitment to You Said, We Did information sharing for the public.

Keep in the Loop Service

2019/20 was the first full year that the pro-active Keep in the Loop Service was deployed. It proved hugely popular as a customer engagement tool and the 7927 customers subscribed to receive notifications across the range of services. In 21/22 the number of subscribers is 10489. For customers it meant that they have been kept up to date with topical council information and opportunities to provide valued input on matters that affect them.

MyAccount

Myaccount is the simple and secure sign-in service for accessing online public services in Scotland. It provides people living in Scotland with the ability to set up an online account and use it to access a growing range of online public services, Scotland-wide, including Argyll and Bute Council. 13,021 customers have signed up to this service, which is an increase from 11,079 in 2020/21. It allows customers to:

- Fill in forms automatically with your details
- Save forms for finishing later
- Track the progress of your reports and requests
- Access to council services that require proof of identity
- Access your council tax account and sign up for e-billing
- Find out when your bins are collected at a glance
- Manage your email subscriptions and alerts
- Avoid having to re-register with local council services when you move to a new part of Scotland
- Bookmark useful pages to make them easier to find

Public Performance Reporting

The Council's website makes all performance information available to the public within the performance section. This includes information on performance scorecards, budgets and other service related information. This ensures the Council is openly accountable to the public for its performance against agreed policies and standards. Public Performance Reporting was reviewed in 2021 and improved as part of the Performance Excellence Project, an action in the BV3 Action Plan.

Accessibility

Online service provision is only effective if it is easy to access. In order to ensure maximum accessibility for everyone and meet our equalities responsibilities, the Council's website has been revised and refreshed to improve its rating for accessibility in the national Silktime accessibility score. In April 2022 the website had a 99% rating (excellent) and was the 13th highest ranking Council in the UK.

Annual Governance Statement

In 2022 the website will be getting a major upgrade to Drupal 9 Content Management System and has procured expert input from Inspire Ltd to help with this

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Team, part of the Chief Executives Unit. The team has resources and expertise to support hard to reach groups, community organisations and remote communities to have a voice in decision making. The team also provides best community engagement practice for any other requirement. The Council also oversees the work of Community Learning (Youth Work and Adult Learning) through its collaboration with its Arms-length External Organisation (ALEO) partner Live Argyll.

The Council's Community Development Team can also assist community organisations with developing new projects, funding opportunities, training needs and support with evaluation techniques.

Local Community Development Officers also support community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local Area Community Planning Groups. Further to this the team has a Gaelic Development Worker to support and engage Gaelic learning and Gaelic speaking communities.

The Council's Governance section supports community engagement by providing the staff resource to support Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in Community Planning and partnership working at a local area level throughout Argyll & Bute. The section has put arrangements in place across the partnership members to ensure these groups have had the ability to continue to meet on a virtual basis during the Covid19 pandemic response period. It also plays a key role in supporting the Community Safety Partnership which is an integral part of the Community Planning Partnership and takes a lead in relation to Outcome 6 of the Argyll and Bute Outcome Improvement Plan: People live in safer and stronger communities. This group has produced its first Community Safety Strategy which sets out strategic priorities and how the partnership will work together to focus resources in support of agreed actions.

It also supports community engagement by resourcing community council liaison activities, including training and support activity, which helps to build the capacity of community councils. During the Covid 19 response period the Scheme for the Establishment of Community Councils was amended to facilitate community councils being able to meet on a virtual basis during this period to fulfil their representative role and advice and support was provided to facilitate this development.

The Council actively seeks to ensure that young people are engaged in Community Planning and has implemented the following initiatives:

- The 3 local Members of the Scottish Youth Parliament (MSYP's) attend the Community Planning Partnership Management Committee meetings on a rotational basis.
- The Area Community Planning Groups invite members of local Youth Forums to attend meetings when they are held in their local areas & information is passed on to young people by Youth Workers who are kept updated on any developments. One ACPG currently has a young person in the Vice Chair role.
- The revised Scheme of Establishment for Community Councils outlines the requirement to encourage young people to attend and participate in community council meetings" and the age to become a Community Councilor was lowered to be 16 to encourage more young people to become involved.

The Council continues to promote the Community-Led Action Planning Toolkit (developed in partnership with Scottish Community Development Centre). Communities are being supported to consider use of the online toolkit in developing action plans that the community can lead on to address issues and needs in their communities. There are a number of existing community-led action plans and these are recognised as important community contributions to area community planning.

Annual Governance Statement

The Community Planning Partnership undertook a Place Standard Engagement exercise to help shape the CPP priorities from 2021. This information has also been shared with communities to be used to develop community led action plans.

A strong Community Planning Partnership (CPP) is in place with partners leading on each of the outcomes and emerging cross-cutting thematic working groups. This ensures a shared sense of accountability and ownership of working towards realising the CPP priorities.

During the Covid pandemic, the council engaged with local community response groups, making sure that groups were supported with good practice and resources where required such as – lone volunteering policies, safe medication delivery process, insurance, confidentiality guidance etc. Regular online drop-in sessions were established and ran for a period of 2 years for the groups to receive updates and to enable them to highlight needs/challenges and ask questions of Council and its partners.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. Agendas for and minutes of meetings are detailed on the Council's website. When schedule 7A applies papers are adjusted to ensure that the maximum amount of content is in the public domain.

The Council's constitution defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The constitution is updated on an annual basis with the last update carried out in October 2021.

The constitution includes collective and individual roles and responsibilities of the Leader, Provost, Policy Lead Councillors, other councillors and officers. It also includes a protocol for the role of the Monitoring Officer (the Executive Director for Customer Services).

Best Value (BV) is assessed by the Council's external auditors over the five year audit appointment, as part of the annual audit work and, additionally, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once during this five year period.

The Council's Chief Executive presented an update on the Action Plan to the Council's Audit and Scrutiny Committee on 16 March 2021 who accepted the progress to date.

Audit Scotland followed up with the Council in May 2021 to review evidence against the progress listed in the Action Plan and stated in their Annual Report (December 2021) that the Council has made good progress.

A further progress report was submitted to the Audit and Scrutiny Committee 15 March 2022 which illustrates how 22 of the 36 actions are complete and that a further report will come back in 12 months to provide a further update on the 14 actions remaining.

The Standards Commission Advice Note for Councillors on Distinguishing between their Strategic Role and any Operational Work has previously been included in an Elected Member Seminar and is hosted on the Members Resource page on the Hub for ease of reference.

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Our Corporate Plan sets out our, and our community planning partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "To make Argyll and Bute a place people choose to live, learn, work and do business" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

All services have plans containing an agreed set of quality standard measures which feed into the overall Corporate Plan.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives. They also promote good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance over the effective and efficient operation of the Council, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

The Council's Capital programme and capital investment strategy is considered by the Executive Management team and approved by the Council at the budget meeting.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Council's Executive leadership team meet regularly with the administration to discuss their key priorities and requirements for decision making in addition there is regular survey and feedback on their needs and a regular review of governance arrangements to ensure that decision making is fully supported.

The Council's complaints process ensures that service and operational issues are picked up and improvements are undertaken when required. Services carry out consultations and public surveys on various projects and service improvement areas across the Council which inform reporting and decision making on these.

The Council's performance management framework has KPI's allowing the monitoring of service outcomes which are reported to the ELT and Members enabling management decision and appropriate interventions to be taken.

Business outcomes are mapped to the corporate plan and the budget consultation process ensures that service priorities are affordable within resource constraints.

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues. Since the introduction of new ways of working and operating in a virtual environment in response to the Covid-19 pandemic this programme has moved on-line and during 2021/22 a regular programme of webinars and workshops have taken place on-line which has facilitated a higher level of attendance. Additional training was undertaken by Elected Members in relation to the technology, knowledge and skills necessary to support the transition to a virtual environment including webcasting of strategic Committee meetings and the operation of meetings on a hybrid basis, enabling a mixed attendance of members being physically or virtually present. Support has been provided to Chairs in terms of process and guidance notes to facilitate the transition to operating on a virtual basis and enhance effectiveness in this regard.

During this period a review of Elected Member Induction was undertaken in advance of Local Government Elections in May 2022. The programme was redesigned to focus on the whole geographical area of Argyll and Bute and to enable Members to gain a perspective on both local and strategic issues across the Council area whilst ensuring they have the opportunity to gain the knowledge and skills necessary to facilitate effective decision making, scrutiny and challenge in the early days of the new term. Following the 3 by-elections that took place in 2021-22 there was the opportunity to pilot some of the induction material on a virtual basis.

Annual Governance Statement

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan and a behavioural competency framework.

The Council has Argyll and Bute Manager and Leadership Programmes, which ensure that all employees who have management responsibilities are knowledgeable and effective in delivering services within the priority management policies and procedures of the Council, including finance, performance and people management. The Leadership Programme ensures that senior and aspiring leaders in the organisation have support to develop their leadership behaviours and to improve their overall impact and performance across the organisation.

6. Managing risks and performance through robust internal control and strong public financial management.

Internal Financial Control

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.

The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The Council has a designated Data Protection Officer and all services have Information Asset Registers along with appropriate guidance on how data should be managed.

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against forecast
- clearly defined capital expenditure guidelines
- project management disciplines
- guidance relating to financial processes, procedures and regulations
- an effective Internal Audit section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll
- Argyll and Bute Integration Joint Board

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.

Internal audit has a key role in relation to the Council's governance to provide assurance over the effective management of risk. In September 2019 the Audit and Scrutiny Committee agreed that the CIA would perform an annual strategic risk assurance mapping exercise with this replacing a previous annual requirement for a risk management report. This was presented to the Audit and Scrutiny Committee in September 2019, September 2020 and September 2021. This exercise has confirmed that for all the risks in the Council's strategic risk register there are either sufficient assurances in place or internal audit currently have scheduled work to fill identified gaps. This mapping exercise will continue to be performed annually and Internal Audit will perform an audit of compliance with risk management arrangements every three years unless issues are brought to the attention of the Chief Internal Auditor which would suggest a review is required outwith that cycle.

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Internal Audit

The Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The COVID-19 pandemic meant the 2021/22 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 15 March 2022. This was due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic and support Financial Services. This resulted in three audits being removed from the 2021/22 plan.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and this confirms that reasonable assurance can be taken that the systems of governance and internal control are operating effectively.

Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External audit has, and continues to, place reliance on the work of internal audit. The Chair of the Audit and Scrutiny Committee is an independent lay member.

During 2021/22, one of the seventeen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. The audit related to Contract Management Roads and Amenity Services. For these and all other audit reports, an action plan has been agreed and progress against their delivery is routinely monitored by Internal Audit. Management have accepted 100% of audit recommendations and a robust follow-up system is in place with progress reports presented to the SMT on a quarterly basis.

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During 2021/22 the following developments were made within Internal Audit:

- the counter fraud team worked alongside internal audit to ensure there is cross team learning
- the CIA engaged with members of the Audit and Scrutiny Committee as part of the planning process for the 2022/23 audit plan
- the internal audit team delivered internal audit services to the Argyll and Bute Health and Social Care Partnership, undertaking 3 audits which were presented to the Audit and Risk Committee.

Clear reports on a common format which are publically available and the Council has developed a hybrid meeting facility enabling physical and virtual attendance at meetings with a public broadcast function so that members of the public can see and hear meetings of the Council's strategic committees live increasing openness and transparency.

The Council prepares an annual report and an annual governance statement.

The Audit and Scrutiny Committee receive an annual Strategic Risk Assurance Mapping report which helps inform their consideration of potential scrutiny topics. This is supported by the Council's Scrutiny Framework and Manual which continues to be refreshed on an annual basis as the Council's approach to scrutiny evolves and matures.

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council's governance arrangements. These include the Chief Executive, Pippa Milne fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director Douglas Hendry:

- oversees the implementation of the Code and monitoring its operation
- reports annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each council service.

Specific responsibilities are assigned to the Executive Director Kirsty Flanagan as the Council's Chief Financial Officer (S95 Officer), to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

The Council have appointed a Data Protection Officer in line with the requirements of the UK-General Data Protection Regulations and the Data Protection Act 2018.

IMPACT OF COVID-19 ON GOVERNANCE

Throughout the period 2021-22 the Council continued to operate Council and Committee meetings on a virtual basis in response to the Covid 19 pandemic. The Council has invested significantly in the technology to enhance the virtual meeting environment with the transition from Skype to the increased functionality offered by MSTeams and by providing the additional option to operate on a hybrid basis, where attendance can be on a virtual or in person basis. The hybrid option was introduced in the first quarter of 2022 and is scheduled to be rolled out to Area Committee Meeting later in 2022. During this period the Council also commenced recording strategic meeting of the Council and hosting these for the public on the Councils website. This has now progressed to webcasting for strategic committees with the first webcast meeting being the Policy and Resources Committee in December 2021. This approach facilitates a greater reach in terms of Public access to meetings and underpins our commitment to transparency and accessibility. The Council Constitution and associated protocols were amended to incorporate these developments in October 2021.

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COVID-19 also impacted on governance across services during 2021/22 and this has been assessed against four broad categories:

1. Impact on business as usual in the delivery of services

While the Council returned to a more business as usual footing during the period, some specific areas where service delivery has been impacted are:

- restrictions on travel and social distancing requirements continued to impact on the ability of planning officers to visit application sites and enforcement complaints – this required the use of remote verification inspections to be implemented
- a wide range of services within Roads and Infrastructure Services continued to be impacted to some extent, but not limited to, burials, cremations, refuse collection, civic amenity sites, home to school transport and ferry transport
- Learning and teaching moved from distance learning and returned to classroom teaching across Argyll and Bute.

2. New areas of activity as part of the national response to COVID-19 and any governance issues arising

Some specific examples of new areas of activity are:

- move to flexible online home working for 1400 employees with access via secure vpn to all files, processes and telephony
- establishing procedures for estates staff to work safely, carry out remote marketing and arrange premises for COVID related projects
- additional cleansing of buildings such as schools, public conveniences, crematoria chapel, and a variety of vehicles including ferries and refuse vehicles.
- providing business support through the administration of COVID specific Scottish Government grants to local businesses and self-employed people
- a Community Food Programme team to ensure vulnerable people can access food and provision of doorstep delivery of free school meals
- a Caring for People partnership bringing together the Health and Social Care Partnership, Third Sector Interface and the Council to work together with a focus on helping people affected by COVID-19 to receive essential support where no other support exists
- redeployment of staff from substantive posts to provide support in critical areas of response activity
- establishment of HUB schools for children of keyworkers.

3. The funding and logistical consequences of delivering the local government response

The Council's Financial Services team have worked in conjunction with all services to capture and monitor the financial impact of COVID-19 in terms of creating new cost pressures and its impact on the delivery of agreed savings options.

4. Recovery and reinstating services post COVID-19

The Council agreed a 'Recovery Strategy and Framework' in 2020 focused on considering the actions and priorities required to return the Council, its services and wider issues including economic and social recovery, to the "new norm". An Argyll and Bute Overarching Recovery Group was formed to lead this process with specific thematic groups focused on Council recovery, building back stronger communities, economic and social recovery, infrastructure and transportation, financial management and public health. This work recognised the impact of the pandemic on widening inequalities and is considering longer term social and economic impacts. Good progress has been made and the Councils published its Recovery document "Recovery, Renew and Restart" outlining its achievements and current priorities.

FINANCIAL SUSTAINABILITY

It is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of likely reductions in funding. The one year financial settlements do not provide any degree of medium term certainty and ring-fencing of monies and additional policy commitments which are not always fully funded limit financial flexibility and create additional financial pressures.

The financial outlook is significantly exacerbated by the extent to which COVID-19 will continue to impact on expenditure, loss of income and future years funding levels. The additional funds made available by the UK and Scottish Government to combat the impact of COVID-19, and the agreement on financial flexibilities to date, have been sufficient to combat the financial impact of COVID to the Council in 2021/22 and 2022/23. However there is likely to be ongoing pressure on the Capital Programme as a result of increasing costs that is difficult to accurately quantify at this stage and while an element of COVID-19 funding has been allocated to the programme relating to current works, increases could continue for some time and result in further overspends across the life of the programme. It may be that we will need to re-prioritise some of our capital spending.

The Council continues to provide financial estimates for future years with their medium term financial outlook covering a five year window to provide a longer term view of the Council's estimated budget gap. Preparing any forward looking financial outlook is challenging due to the levels of uncertainty however the assumptions are reviewed regularly and updated with the outlook prepared to reflect a best case, worst case and mid-range scenario.

The Council continues to be committed to developing multi-year savings proposals with a focus on longer term planning. The additional work and pressure on teams as a result of COVID during 2021-22 meant that there had to be more of a focus on balancing the 2022-23 budget, however, some of the savings options impact on future years. The Scottish Government Resource Spending Review published on 31 May 2022 is hoped to provide sufficient information to allow Council's to plan with more certainty as it will set out the spending plans for the remainder of the parliament term 2023-24 to 2026-27. As with previous years, it is the intention to establish a cross party Budget Working Group who would meet early August to commence the budget discussions for 2023-24 and beyond.

The Council has a strong track record in financial management as recognised by previous year's annual external audit reports and the Council's Best Value report issued in May 2020. The Best Value report also recognises that the Council's medium to long term financial strategy helps support financial planning arrangements. This strategy was updated in August 2021 as recommended in the Best Value report and now covers the period 2020-21 to 2029-30. In addition to providing revenue and capital projections the Strategy also sets out the position in relation to the Council's general fund reserve, the approach to managing the financial impact of COVID-19, approach to Treasury Management and the strategy to address budget gaps.

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute IJB has been established as a separate legal entity from Argyll and Bute Council and NHS Highland, with its own separate governance arrangements. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been approved by Argyll and Bute Council and NHS Highland. This was most recently revised and formally signed off by the Scottish Government on 23 March 2021. The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

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The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was carried out in 2021-22 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes.

During 2021-22 the IJB has further progressed a number of initiatives to develop its governance arrangements including embedding board development events within its governance structures, its committee annual reporting and evaluation process, progressing an induction and development program for staff and implemented its revised risk management strategy.

It has also established a new Contingency Risk and Resilience Committee to reflect its status as Category 1 responder.

The IJB has faced substantial financial challenge since its inception. However, during 2020/21 and 2021/22 it has been able to deliver savings, operate within its budget and generate a small general reserve from its underspend for the year. The HSCP delivered an underspend of £1.738m against the resources available to it, these totalled £307m for the year. During 2021/22 the IJB was able to repay the final £2.8m that it owed to Argyll & Bute Council relating to previous overspends.

The IJB has welcomed the recent increases in funding from Scottish Government and this has enabled it to set a balanced budget with a realistic savings program. Like all public bodies, the HSCP is required to continually improve its efficiency and the value for money associated with the services it provides. It will do this through its Transformation agenda and its savings plans. It is now also seeking to develop longer term plans for investment in its physical and digital infrastructure in the coming years. The HSCP also anticipates that it faces a period of significant structural change as the National Care Service is introduced.

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UPDATE ON AREAS FOR DEVELOPMENT IN 2020/21 ANNUAL GOVERNANCE STATEMENT

The 2020/21 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2021/22 Update
Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	Specialist economic consultants now engaged on an options appraisal exercise to help inform the decision. This is to be reported to September's ED&I committee.
Further develop the Council's Counter Fraud Team	The Counter Fraud Team (CFT) have submitted a report to Strategic Management Team which will be considered at the beginning of July which outlines the actions, rebilling and recovery to date. The pilot is due to end in September and there is a proposal for the team to be made permanent.
Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022	This has now been pushed back to 6 June 2022 at the earliest due to issues which have surfaced during the implementation of the automated interface between Concerto and Oracle.
Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	The capital Oracle/Concerto interface has been completed. The revenue interface has been delayed because of the need for Oracle to be updated as advised above.
Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level	Further review of property delegations will be included in the next review of the constitution.
Enhance reporting of workforce planning to the Strategic Management Team and Elected Members	Operational Workforce plans are reviewed on a six monthly basis and each team in the council are assigned a WFP risk rating. Data from these discussions are collated and analysed in a report which is presented to SMT. HROD team highlight any common themes that would benefit from a revised corporate approach. Quarterly health of the organisation reports are presented to DMT and SMT which cover a number of workforce indicators.

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Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Complete and DPEA have complimented D&EG on the provision of information in the required format
Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021	All identified actions have been completed
Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	Contract let and work underway to gather updated asset information for major buildings – new plans being drawn. Estates has continued to improve records with the property measurement contract providing new plans for properties. As part of the asset valuation process Estates also building up property records and will use the details for the insurance valuation updates to be completed in 2022/23.
Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers	This action has been suspended pending the implementation of two new key systems which would be integral to the revised process: The Oracle Fusion Financial Management System and the Eclipse Social Work Management System. Once the two systems are up and running and we know what the Eclipse system can do – the vendor is still writing the software - we'll be able to determine the actions necessary to implement this process.

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2022/23, particularly in the context of continuous improvement within the Council:

- Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban (Head of Roads and Infrastructure Services – March 2023)
- Further enhance reporting of workforce planning to the Strategic Management Team and Elected Members (Head of Customer Support Services – March 2023)
- Finalise the project to upgrade the Council's general ledger system with an anticipated go live of 6 June 2022 (Head of Financial Services – June 2022)
- Finalise the implementation of a self-billing approach using CareFirst for payments to social care providers (Head of Financial Services – March 2023)
- Complete the development of an automated interface between Concerto and Oracle (Head of Commercial Services – March 2023)
- Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management (Head of Commercial Services – March 2023)
- Progress roll-out of Microsoft 365 (Head of Customer Support Services – March 2023)
- Develop data/analytics business intelligence tool (Head of Customer Support Services – March 2023)

Annual Governance Statement

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- Undertake review of performance information (Head of Customer Support Services – March 2023)
 - External Quality Assessment Framework (Head of Financial Services – March 2023)

ASSURANCE

The annual review of the effectiveness of the system of governance and internal financial control is informed by:

- the work of officers within the Council
- the work of Internal Audit as described above
- the work of External Audit
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts
- statements of assurance provided by the Council's Chief Executive, Executive Directors and Heads of Service
- external review and inspection reports; and
- recommendations from the Audit and Scrutiny Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2021/22 and that there are no significant weaknesses. This assurance is framed within the context of the work undertaken during the year and the evidence available at the time of preparing this statement.

Cllr Robin Currie
Leader

Pippa Milne
Chief Executive

Kirsty Flanagan
Section 95 Officer

The Remuneration Report

BACKGROUND

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No.2014/200) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. All information disclosed in the tables in this Remuneration Report will be audited by Audit Scotland. All other sections within the Remuneration Report will be reviewed by Audit Scotland to ensure it is consistent with the Financial Statements.

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No 2020/26). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements. There are 4 grades of councillor in each local authority for the purposes of payment of remuneration, the Leader of the Council; the Civic Head (Provost); senior councillors; and councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The Regulations also provide for the banding of local authorities. Argyll and Bute is in Band B and the Council has determined the level of remuneration for councillors within that banding. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021-22 the salary for the Leader of Argyll and Bute Council is £37,213. The Regulations permit the Council to remunerate one civic head. The Regulations set out the maximum salary that may be paid to that civic head. The Council's civic head is the Provost and their remuneration is set at £27,910 which is the maximum allowed for local authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its senior councillors shall not exceed £0.326m. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay a salary of £26,359 to each appointed policy lead. Chairs of Area Committees without a policy lead remit are paid a salary of £21,976.

In 2021-22, Argyll and Bute Council had 9 senior councillors in the administration (excluding the Provost and the Leader). The total salary remuneration for senior councillors (excluding the Provost and the Leader) during 2021-22 was £0.199m. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

Senior Employees

The salary of senior employees is set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority. Circular CO/151 sets the amount of salary for the Chief Executive of Argyll and Bute Council for 2021-22. The salaries of Executive Directors are paid at SCP 43 with Heads of Service being paid at SCP 29.

The Remuneration Report

COUNCILLORS' REMUNERATION

Councillors' payments are made in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

2020-21 Actual £'000	Members Allowances	2021-22 Actual £'000
429	Basic Councillor Salaries	480
62	Leader and Provost's Salary	65
226	Senior Councillor Salaries	199
8	Other Expenses and Allowances paid to Members	4
725	Total Allowances	748

The annual return of councillors' salaries and expenses for 2021-22 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at <http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors>.

The Remuneration Report

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior Councillors or Councillors. Details of senior councillors' remuneration are as follows:

2020-21 Total Remuneration £	Senior Members	Responsibility	2021-22		
			Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £
25,274	Councillor Rory Colville	Policy Lead - Roads and Infrastructure Services and Chair of Mid Argyll, Kintyre & the Islands Area Committee from 22-10-20, Policy Lead for Support Services from 26-09-19 to 22-10-20	26,313	-	26,313
30,250	Councillor Robin Currie	Leader from 24-09-20, Policy Lead for The Economy and Rural Growth from 22-10-20, Policy Lead for Housing, Roads and Infrastructure Services from 26-09-19 to 22-10-20, Chair of Mid Argyll, Kintyre & the Islands Area Committee to 22-10-20	37,148	-	37,148
10,420	Councillor Mary-Jean Devon	Policy Lead for Support Services from 22-10-20	26,313		26,313
21,071	Councillor Bobby Good	Chair of Bute & Cowal Area Committee	21,938	-	21,938
25,274	Councillor Kieron Green	Policy Lead for Health and Social Care	26,313	-	26,313
25,728	Councillor David Kinniburgh	Provost from 26-11-20, Policy Lead for Planning and Regulatory Services from 22-10-20, Policy Lead for Planning Services from 26-09-19 to 22-10-20	27,862	-	27,862
25,274	Councillor Yvonne McNeilly	Policy Lead for Education	26,313	-	26,313
8,736	Councillor Barbara Morgan	Chair of Helensburgh & Lomond Area Committee from 22-10-20 to 14-10-21	12,720		12,720
20,163	Councillor Aileen Morton	Leader to 24-09-20, Policy Lead for Commercial Services and Strategic Priorities from 26-09-19 to 22-10-20 with oversight of Economic Growth from 26-11-19 to 20-05-20, Chair of Helensburgh & Lomond Area Committee from 25-11-21	19,611	-	19,611
25,274	Councillor Gary Mulvaney	Depute Leader and Policy Lead for Financial Services and Major Projects from 26-09-19	26,313	-	26,313
20,469	Councillor Alasdair Redman	Policy Lead for Business, Regeneration and Commercial Development from 22-10-20 to 20-08-21, Policy Lead for Economic Growth from 25-05-20 to 22-10-20	21,873	-	21,873
21,071	Councillor Elaine Robertson	Chair of Oban, Lorn & the Isles Area Committee	21,938	-	21,938

Senior Councillors' remuneration in the tables above does not include non-taxable expenses.

The Remuneration Report

EMPLOYEES' REMUNERATION

The Regulations require that local authorities provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made to the employee in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, was £50,000 or more in bands of £5,000 was:

2020-21 Number of Officers	Range £	2021-22 Number of Officers
124	£50,000 - £54,999	140
92	£55,000 - £59,999	84
25	£60,000 - £64,999	41
17	£65,000 - £69,999	16
4	£70,000 - £74,999	4
9	£75,000 - £79,999	1
3	£80,000 - £84,999	8
-	£85,000 - £89,999	-
-	£90,000 - £94,999	1
1	£95,000 - £99,999	1
-	£100,000 - £104,999	-
2	£105,000 - £109,999	2
-	£110,000 - £114,999	-
-	£115,000 - £119,999	-
-	£120,000 - £124,999	-
1	£125,000 - £129,999	-
-	£130,000 - £135,000	1

The Remuneration Report

SENIOR EMPLOYEES' REMUNERATION

The table below provides details of the remuneration paid to the Council's senior employees. This is defined by the regulations as;

- someone who has responsibility for the management of the organisation, or
- occupy a position which is politically restricted, or
- any additional employee whose annual remuneration is £150,000 or more (remuneration includes salary, non-cash benefits and any lump sum payment for loss of employment)

The following table sets out the remuneration disclosures for 2021-22 for senior officers:

Total Remuneration 2020-21 £	Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2021-22 £
129,066	Chief Executive - Pippa Milne	132,568	717	133,285
106,249	Executive Director - Douglas Hendry	106,908	822	107,730
106,157	Executive Director, Section 95 Financial Officer - Kirsty Flanagan	107,054	698	107,752
68,994	Head of Adult Services (Mental Health, Learning Disability, Addictions and Lifelong Conditions) (Section 3 Social Work Officer) - Julie Lusk (from 19-05-20 to 13-09-21)	40,345	-	40,345
79,441	(Full year equivalent)	80,336	-	80,336
	Head of Children and Families and Criminal Justice (Section 3 Social Work Officer) - David Gibson (from 14-09-21)	40,600		40,600
	(Full year equivalent)	80,336		80,336
10,602	Head of Children & Families (Section 3 Social Work Officer) - Alex Taylor (to 18-05-20)	-	-	-
79,441	(Full year equivalent)	-	-	-
79,441	Live Argyll General Manager (Subsidiary of Argyll & Bute Council) - Kevin Anderson	80,501	-	80,501

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PENSION BENEFITS

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. A councillor's pay for pension purposes for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits accumulated are calculated using pensionable pay each scheme year, rather than final salary. All benefits accumulated prior to 1 April 2015 are protected.

A five-tier contribution system is in place with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership.

The tiers and members contribution rates for 2021-22 are as follows:

Whole time pay	Contribution Rate 2021-22
On earnings up to and including £22,300	5.50%
On earnings above £22,301 and up to £27,300	7.25%
On earnings above £27,301 and up to £37,400	8.50%
On earnings above £37,401 and up to £49,900	9.50%
On earnings above £49,901	12.00%

From 1 April 2015, if a person works part-time their contribution is worked out on their part-time pay rate for the job. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

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SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each senior Councillor's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their relevant local government service and not just their current appointment.

For the year to 31 March 2021		Senior Members	For the year to 31 March 2022		
In-year pension contributions £	Accrued pension benefits £		In-year pension contributions £	Accrued pension benefits £	
4,878	6,067	Councillor Rory Colville	Pension	5,078	6,879
	1,716		Lump Sum		1,866
5,838	6,066	Councillor Robin Currie	Pension	7,170	7,615
	916		Lump Sum		1,007
1,433	4,872	Councillor Mary-Jean Devon	Pension	-	-
	1,598		Lump Sum		-
4,878	2,436	Councillor Kieron Green	Pension	5,078	2,985
	-		Lump Sum		-
4,067	1,661	Councillor Bobby Good	Pension	4,234	2,117
	-		Lump Sum		-
4,966	6,031	Councillor David Kinniburgh	Pension	5,377	6,878
	1,684		Lump Sum		1,837
4,878	1,990	Councillor Yvonne McNeilly	Pension	5,078	2,536
	-		Lump Sum		-
3,693	1,434	Councillor Barbara Morgan	Pension	2,455	1,701
			Lump Sum		
5,350	5,077	Councillor Aileen Morton	Pension	3,785	5,718
	-		Lump Sum		-
4,878	5,683	Councillor Gary Mulvaney	Pension	5,078	6,492
	1,596		Lump Sum		1,745
332	6,896	Councillor Elaine Robertson	Pension	-	-
	1,471		Lump Sum		-
4,605	1,555	Councillor Alasdair Redman	Pension	4,221	2,009
	-		Lump Sum		-

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SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their relevant local government service and not just their current appointment.

For the year to 31 March 2021		Senior Officers		For the year to 31 March 2022	
In-year pension contributions £	Accrued pension benefits £			In-year pension contributions £	Accrued pension benefits £
24,751	59,828 105,037	Chief Executive - Pippa Milne (from 06-01-20)	Pension	25,586	64,367
			<i>Lump Sum</i>		105,855
20,334	58,601 105,777	Executive Director of Customer Services - Douglas Hendry	Pension	20,546	61,269
			<i>Lump Sum</i>		106,780
20,334	30,625 30,459	Executive Director, Section 95 Financial Officer - Kirsty Flanagan	Pension	20,546	33,069
			<i>Lump Sum</i>		30,787
15,332	2,024	Head of Adult Services (Mental Health, Learning Disability, Addictions and Lifelong Conditions) (Section 3 Social Work Officer) - Julie Lusk (from 19-05-20 to 13-09-21)	Pension	15,537	3,672
	-		<i>Lump Sum</i>		-
		Head of Children and Families and Criminal Justice (Section 3 Social Work Officer) - David Gibson (from 14-09-21)	Pension	8378	913
			<i>Lump Sum</i>		
7,574	45,496 89,571	Head of Children and Families (Section 3 Social Work Officer) - Alex Taylor (to 18-05-20)	Pension	-	-
			<i>Lump Sum</i>		-
15,332	28,854 37,747	Live Argyll General Manager (Subsidiary of Argyll & Bute Council) - Kevin Anderson	Pension	15,537	30,794
			<i>Lump Sum</i>		38,221

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EMPLOYEE EXIT PACKAGES

The numbers of exit packages with cost per band for compulsory and other redundancies are set out in the table below:

2020-21						Exit Package Cost Band	2021-22					
Compulsory Redundancies		Other Departures		Total			Compulsory Redundancies		Other Departures		Total	
No	£	No	£	No	£		No	£	No	£	No	£
6	42,526	2	27,866	8	70,392	£0 - £20,000	2	11,782	1	11,144	3	22,926
2	44,307	-	-	2	44,307	£20,001 - £40,000	-	-	-	-	-	-
2	94,397	-	-	2	94,397	£40,001 - £60,000	-	-	-	-	-	-
1	64,618	2	144,484	3	209,102	£60,001 - £80,000	-	-	1	70,992	1	70,992
-	-	-	-	-	-	£80,001 - £100,000	-	-	1	80,629	1	80,629
1	103,669	-	-	1	103,669	£100,001 - £150,000	-	-	1	133,113	1	133,113
-	-	-	-	-	-	£150,001 - £200,000	-	-	-	-	-	-
12	349,517	4	172,350	16	521,867		2	11,782	4	295,878	6	307,660

For the purposes of this note, Exit Packages include:

- Redundancy payment;
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age);
- Added Years Lump Sum (the amount which the Council pays to the individual in a one-off lump sum, according to the compensatory added years awarded – maximum three years); and
- A capitalised value of the recurring Compensatory Added Years payment. This represents the amount which the Council has to pay to the pension fund because the employee has retired with enhanced service (maximum three years). This amount is paid on an annual basis once a person has left employment with the Council and is therefore a notional cost at 31 March 2022.

The cash value costs noted in the table represent the actual costs incurred by the Council for the agreed exit packages. The capitalised added years pension element for members of the Teachers' Pension Scheme is included in the cash value cost as payment is made in advance to the teachers' pension fund to settle this liability.

The total cost of £0.308m in the table includes exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year. These costs include all exit packages agreed by 31 March in each year, this does not necessarily mean that these payments have been made, for example an employee could have subsequently been re-deployed to an alternative post within the Council. The Council's Balance Sheet includes a provision at 31 March 2022 of £0.065m, this represents the amount which has yet to be paid out by the Council and this amount is included within the bands above.

The supplementary Termination Benefits Note 35 provides more information on the exit packages agreed in the last two financial years.

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FACILITY TIME STATEMENT

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Council is required to collect and publish data in relation to its usage and spend of trade union facility time in respect of employees who are trade union representatives. Full details for the period 1 April 2021 to 31 March 2022 are attached at Appendix A.

Expenditure and Funding Analysis

2020-21			Service	2021-22		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
5,329	452	5,781	Chief Executive and Financial Services	5,347	1,087	6,434
			Executive Director Douglas Hendry			
410	27	437	Executive Director	330	59	389
9,426	6,827	16,253	Commercial Services	9,471	8,053	17,524
81,717	(1,567)	80,150	Education	86,427	2,331	88,758
8,557	3,359	11,916	Legal and Regulatory Support	9,466	1,805	11,271
			Executive Director Kirsty Flanagan			
(2)	6	4	Executive Director	305	32	337
7,892	2,460	10,352	Customer Support	7,553	3,113	10,666
9,649	570	10,219	Development and Economic Growth	9,752	1,786	11,538
32,448	12,024	44,472	Roads and Infrastructure	30,914	17,187	48,098
58,107	3,465	61,572	Social Work	67,080	2,238	69,318
9,019	(1,347)	7,672	Other Non-Departmental Costs	10,974	(687)	10,287
222,552	26,276	248,828	Net Cost of Services	237,619	37,004	274,620

Expenditure and Funding Analysis

(251,127)	(11,958)	(263,085)	Other Income and Expenditure	(255,904)	(19,741)	(275,645)
(28,575)	14,318	(14,257)	(Surplus) / Deficit	(18,285)	17,263	(1,025)
(49,670)			Opening General fund Balance	(78,245)		
(28,575)			Plus (Surplus) or Deficit on General Fund Balance	(18,285)		
(78,245)			Closing General Fund Balance at 31 March 2022	(96,530)		

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Statement of Comprehensive Income and Expenditure

2020-21			Note	2021-22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Service	Gross Expenditure £'000	Gross Income £'000
25,784	20,003	5,781	Chief Executive and Financial Services	25,714	19,280	6,434
			Executive Director Douglas Hendry			
437		437	Executive Director	389		389
19,167	2,914	16,253	Commercial Services	21,022	3,498	17,524
93,170	13,020	80,150	Education	103,006	14,248	88,758
16,173	4,257	11,916	Legal and Regulatory Support	15,499	4,228	11,271
			Executive Director Kirsty Flanagan			
4		4	Executive Director	337		337
10,945	593	10,352	Customer Support Services	11,374	708	10,666
18,709	8,490	10,219	Development and Economic Growth	23,172	11,634	11,538
60,972	16,500	44,472	Roads and Infrastructure	70,602	22,504	48,098
147,227	85,655	61,572	Social Work	157,712	88,394	69,318
11,263	3,591	7,672	Other Non-Departmental Costs	13,174	2,887	10,287
403,851	155,023	248,828	Net Cost of Services	442,001	167,381	274,620

Statement of Comprehensive Income and Expenditure



		Other Operating Income and Expenditure:	
	6,286	Net (Gain)/loss on Disposal of Long Term Assets	(103)
	1,381	Other Operating Income and Expenditure	7
	7,667	Total Other Operating Income and Expenditure	1,836
		Financing and Investment Income and Expenditure:	
	16,805	Interest Payable and Similar charges	
	(955)	Interest and Investment Income	
	1,888	Net Pension Interest Expense	
	17,738	Total Financing and Investment Income and Expenditure	16,343
		Taxation and Non-Specific Grant Income:	
	(197,110)	General Government Grants	
	(13,495)	Government Capital Grants and Other Capital Contributions	12
	(23,284)	Non-domestic Rates Redistribution	
	(164)	Non-domestic Rates TIF	
	(54,437)	Council Tax Income	
	(288,490)	Total Taxation and Non-Specific Grant Income	(191,432)
	(14,257)	(Surplus)/Deficit on Provision of Services	6.1
	(9,030)	(Surplus)/Deficit on revaluation of Long Term Assets	
	3,388	Other Post Employment Benefits (Pensions)	30.2
	(5,642)	Other Comprehensive Income and Expenditure	(110,648)
	(19,899)	Total Comprehensive Income and Expenditure	(121,791)
			(122,816)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.

Balance Sheet

31 March 2021		Note	31 March 2022	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment	14	
376,141		- Other Land and Buildings		384,930
9,945		- Vehicles, Plant, Furniture and Equipment		11,798
222,947		- Infrastructure Assets		230,478
5,950		- Community Assets		7,454
1,637		- Surplus Assets		1,408
25,599		- Assets Under Construction		35,344
	642,219	Total Property Plant & Equipment		671,412
	2,086	Heritage Assets	15	2,099
	572	Intangible Assets	16	604
	2,435	Investment Property	17	2,428
	17,992	Long Term Investments	26	492
	6,028	Long-Term Debtors	21	5,792
		Other Long Term Debtors (Pensions)	30	4,634
	671,332	Total Long Term Assets		687,461
		Current Assets		
900		Inventories		842
20,446		Short Term Debtors (Net of Impairment)	22	18,706
1,865		Assets Held for Sale	23	1,509
45,000		Short Term Investments		82,500
35,638		Cash and Cash Equivalents	24	19,728
	103,849	Total Current Assets		123,285
		Current Liabilities		
(3,005)		Short-term Borrowing	26	(17,882)
(45,457)		Short-term Creditors	25	(41,283)
(7)		Capital Grant Receipts in Advance	29	-
(2,356)		Provisions	28	(2,231)
(4,842)		Other Short Term Liabilities	27	(5,117)
	(55,667)	Total Current Liabilities		(66,513)
		Long-term Liabilities		
(167,418)		Borrowing Repayable within a Period in Excess of 12 Months	26	(161,657)
(117,432)		Other Long-term liabilities	27	(112,313)
(1,980)		Provisions	28	(2,079)
(5,000)		Capital Grant Receipts in Advance	29	-
(82,314)		Other Long-term liabilities (Pensions)	30	
	(374,144)	Total Long-term Liabilities		(276,049)
	345,370	Total Assets less Liabilities		468,184

Balance Sheet

31 March 2021		Note	31 March 2022	
£'000	£'000		£'000	£'000
		Unusable Reserves		
135,392		- Revaluation Reserve	145,903	
217,237		- Capital Adjustment Account	223,147	
(2,524)		- Financial Instruments Adjustment Account	(2,198)	
(82,314)		- Pensions Reserve	4,634	
(7,206)		- Accumulated Absences Account	(6,928)	
	260,585			364,558
		Usable Reserves		
4,406		- Capital Funds	4,414	
2,134		- Repairs and Renewals Funds	2,682	
78,245		- General Fund Balance	96,530	
	84,785			103,626
	345,370	Total Reserves		468,184

The Balance Sheet is a snapshot of the value as at the 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported as follows:

- **Unusable Reserves:** are reserves that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".
- **Usable Reserves:** are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

Kirsty Flanagan
Section 95 Officer

Statement of Movement in Reserves

Movements in 2021-22	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						Total Reserves £'000
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2021	(78,245)	(2,134)	(4,406)	(84,785)	(135,392)	(217,237)	82,314	2,524	7,206	(260,585)	(345,370)
(Surplus)/Deficit on Provision of Services	(1,025)			(1,025)						-	(1,025)
Other Comprehensive Income and Expenditure					(11,143)		(110,648)			(121,791)	(121,791)
Total Comprehensive Income and Expenditure	(1,025)	-	-	(1,025)	(11,143)	-	(110,648)	-	-	(121,791)	(122,816)
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost				-	632	(632)				-	-
Amortisation of Intangible Assets	(36)			(36)		36				36	-
Depreciation of Non-current Assets	(23,325)			(23,325)		23,325				23,325	-
Impairment of Non-current Assets	(1,252)			(1,252)		1,252				1,252	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	21,700			21,700		(21,700)				(21,700)	-
Capital Expenditure Charged to the General Fund	735			735		(735)				(735)	-
Net Gain or Loss on Sale of Non-current Assets	103		(815)	(712)		712				712	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	326			326				(326)		(326)	-
Employee Benefits	278			278					(278)	(278)	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(23,700)			(23,700)			23,700			23,700	-

Statement of Movement in Reserves

Movements in 2021-22	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Statutory Repayment of Debt - Loans Fund Advances	2,514			2,514		(2,514)				(2,514)	-
Statutory Repayment of Debt - Finance Leases	44			44		(44)				(44)	-
Statutory Repayment of Debt - NPDO Finance	4,800			4,800		(4,800)				(4,800)	-
Total Statutory Adjustments	(17,813)	-	(815)	(18,628)	632	(5,100)	23,700	(326)	(278)	18,628	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(18,838)	-	(815)	(19,653)	(10,511)	(5,100)	(86,948)	(326)	(278)	(103,163)	(122,816)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	553	(548)	807	812		(810)				(810)	2
(Increase)/Decrease in Year	(18,285)	(548)	(8)	(18,841)	(10,511)	(5,910)	(86,948)	(326)	(278)	(103,973)	(122,814)
Balance at 31 March 2022 Carried Forward	(96,530)	(2,682)	(4,414)	(103,626)	(145,903)	(223,147)	(4,634)	2,198	6,928	(364,558)	(468,184)

This Statement shows the movement in the 2021-22 financial year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The '(Surplus)/Deficit on the Provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Movement in Reserves

Comparative Movements in 2020-21	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2020	(49,670)	(1,843)	(4,379)	(55,892)	(126,560)	(220,263)	67,346	2,850	7,048	(269,579)	(325,471)
(Surplus)/Deficit on Provision of Services	(14,257)			(14,257)						-	(14,257)
Other Comprehensive Expenditure and Income					(9,030)		3,388			(5,642)	(5,642)
Total Comprehensive Expenditure and Income	(14,257)	-	-	(14,257)	(9,030)	-	3,388	-	-	(5,642)	(19,899)
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost.				-	198	(198)				-	-
Amortisation of Intangible Assets	(89)			(89)		89				89	-
Depreciation and of Non-current Assets	(22,041)			(22,041)		22,041				22,041	-
Impairment of Non-current Assets	3,142			3,142		(3,142)				(3,142)	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	13,495			13,495		(13,495)				(13,495)	-
Capital Expenditure Charged to the General Fund	744			744		(744)				(744)	-
Net Gain or Loss on Sale of Non-current Assets	(6,286)		(612)	(6,898)		6,898				6,898	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	326			326				(326)		(326)	-
Employee Benefits	(158)			(158)					158	158	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(11,580)			(11,580)			11,580			11,580	-

Statement of Movement in Reserves

Comparative Movements in 2020-21	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Statutory Repayment of Debt - Loans Fund Advances	5,246			5,246		(5,246)				(5,246)	-
Statutory Repayment of Debt - Finance Leases	43			43		(43)				(43)	-
Statutory Repayment of Debt - NPDO Finance	2,549			2,549		(2,549)				(2,549)	-
Total Statutory Adjustments	(14,609)	-	(612)	(15,221)	198	3,611	11,580	(326)	158	15,221	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(28,866)	-	(612)	(29,478)	(8,832)	3,611	14,968	(326)	158	9,579	(19,899)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	291	(291)	585	585		(585)				(585)	-
(Increase)/Decrease in Year	(28,575)	(291)	(27)	(28,893)	(8,832)	3,026	14,968	(326)	158	8,994	(19,899)
Balance at 31 March 2021 Carried Forward	(78,245)	(2,134)	(4,406)	(84,785)	(135,392)	(217,237)	82,314	2,524	7,206	(260,585)	(345,370)

This Statement shows the movement in the 2020-21 financial year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The '(Surplus)/Deficit on the Provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020-21 £'000		Note	2021-22 £'000
(14,257)	Net (Surplus) on the Provision of Services		(1,025)
(30,546)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(20,643)
2,471	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		7,928
(42,332)	Net Cash Flows from Operating Activities	39	(13,740)
7,740	Net Cash Flows from Investing Activities	40	32,043
7,739	Net Cash Flows from Financing Activities	41	(2,393)
(26,853)	Net (Increase)/Decrease in Cash and Cash Equivalents		15,910
(8,785)	Cash and Cash Equivalents at the beginning of the Reporting Period		(35,638)
(35,638)	Cash and Cash Equivalents at the end of the Reporting Period	24	(19,728)

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2021-22 financial year and its position at the year-end of 31 March 2022. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Notes to the Financial Statements

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by Loans Fund principal repayments in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees. These benefits are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognised costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Notes to the Financial Statements

1.6.3 Post-Employment Benefits

The Council participates in two separate pension schemes:

- The Scottish Teachers' Pension Scheme administered by the Scottish Government
- The Local Government (Scotland) Pensions Scheme administered by the Strathclyde Pension Fund.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned while employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on a "high quality corporate bond of equivalent term and currency to the liability" (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years)).
- The assets of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at

Notes to the Financial Statements

the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset), charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve.
 - Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

1.6.4 Post Employment Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material impact, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.8 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Notes to the Financial Statements

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of the restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.9 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss, and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price

Notes to the Financial Statements

- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for the identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Heritage Assets

The main heritage assets held by the Council are two art collections, an archaeology collection and a historic jail and courthouse which is operated as a “living” museum. The “Argyll Collection” is an art collection which was set up to provide the young people of Argyll and Bute with direct access to a wide range of quality art recognising that they had limited access to museums and galleries. In addition, the Council holds other works of art which are held at various libraries and the Campbeltown Museum. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council’s accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council’s main heritage assets are accounted for as follows:

Notes to the Financial Statements

The Art Collections

The collections cover a range of media including acrylic, charcoal, embroidery, engraving, etching, gouache, lithography, oil, pastel, pencil, procion dye, screenprint, monoprint, watercolour, woodcut, ceramic, bronze and woodcarving. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations are updated periodically. The assets within the art collections are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

Inveraray Jail and Courthouse and “Other” Historic Buildings

The building is owned by Argyll and Bute Council and leased out to an organisation which runs it as a “living museum”. The building is valued in accordance with the Council’s property, plant and equipment policy. Other buildings included in this category are McCaig’s Folly in Oban, the Argyll Mausoleum and Castle Lodge in Dunoon.

Archaeology and “Other” Museum Exhibits

The Council has obtained specialist valuations for the archaeology collection held within Campbeltown Museum which covers a range of objects including swords, bones, pottery, stone and leather remains. Similar to the Art Collections, these items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations will be updated periodically. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council’s general policies on impairment (see note 1.19.3 in this summary of significant accounting policies). The proceeds of any disposals are accounted for in accordance with the Council’s general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and receipts (see note 1.19.4 in this summary of significant accounting policies).

1.12 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council’s goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Notes to the Financial Statements

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.13 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates or joint ventures and requires to prepare Group Accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.14 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

1.15 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.16 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1.16.1 The Council as Lessee

a) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Notes to the Financial Statements

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

b) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

1.16.2 The Council as Lessor

a) Finance Leases

Where the Council grants a finance lease over a property or an item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt on disposal of the asset is used to write down the debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Notes to the Financial Statements

b) Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, with the exception of rental income from investment property which is credited to Interest and Investment Income. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.17 Overheads and Support Services

The costs of overheads and support services are not charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.18 Assets Held for Sale

Property, plant and equipment are classified as *Assets Held for Sale* when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant and Equipment* will be reclassified as *Assets Held for Sale*.

1.19 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes that are expected to be used during more than one financial year are classified as *Property, Plant and Equipment*.

1.19.1 Recognition

Expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

1.19.2 Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

Notes to the Financial Statements

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.19.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

Notes to the Financial Statements

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.19.4 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an *Asset Held for Sale*. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as *Assets Held for Sale*.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal receipts are categorised as capital receipts. All capital receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.19.5 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.20 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of

Notes to the Financial Statements

the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – this is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, this is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.21 Provisions and Contingent Liabilities

1.21.1 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

1.21.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Notes to the Financial Statements

1.22 Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies above and Note 32 to the accounts.

1.23 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The standards introduced by the 2022-23 Code where disclosures are required in the 2021-22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the code are:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
 - Foreign operations of acquired subsidiaries transitioning to IFRS: IFRS 1
 - Onerous Contracts: Amendments to IAS 37 clarifies the intention of the code
 - Leases: IFRS 16 – amendment removes a misleading example that is not referenced in the code
 - Agriculture: IAS 41

The Code requires implementation from 1 April 2022, therefore there is no impact on the 2021/22 accounts. Furthermore there is no material impact anticipated in future years from the implementation of these standards.

- Property Plant & Equipment: IAS16 amendments - Proceeds before intended Use

There will be no material impact in future years from the adoption of this amendment.

CIPFA/LASAAC has agreed to defer the implementation of IFRS 16 Leases until 1 April 2024.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Notes to the Financial Statements

- The Council currently operates three Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract and the new Schools DBFM contract, the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets “on Balance Sheet” along with a finance lease liability.
- The Council also operates a Waste Management PPP contract. In this case the Council determined that a “qualifying asset” had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be “off Balance Sheet” and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.
- The Council has considered its exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, material contingent liabilities have been disclosed in Note 34.
- Unused holiday entitlement earned at 31 March 2022 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2021-22 financial statements in respect of the holiday pay accrual is £6.927m.
- £2.636m has been treated as principal by the Council for costs associated with the provision of Personal Protective Equipment (PPE) and testing kits by NHS National Services Scotland to Argyll and Bute for social care services and has therefore been included in both the income and expenditure figures for Social Work within the Comprehensive Income and Expenditure Statement.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The financial statements contain estimated figures that are based on assumptions made by the Council about which there is a degree of uncertainty. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council’s Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table that follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions															
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.446m for every year that useful lives had to be reduced.</p>															
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:</p> <table border="1" data-bbox="1205 858 2078 1327"> <thead> <tr> <th data-bbox="1205 858 1619 1002">Sensitivities at 31 March 2022</th> <th data-bbox="1619 858 1843 1002">Approximate % Increase to Employer Liability</th> <th data-bbox="1843 858 2078 1002">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 1002 1619 1086">0.1% decrease in real discount rate</td> <td data-bbox="1619 1002 1843 1086">2%</td> <td data-bbox="1843 1002 2078 1086">16,417</td> </tr> <tr> <td data-bbox="1205 1086 1619 1171">1 Year increase in the member life expectancy</td> <td data-bbox="1619 1086 1843 1171">4%</td> <td data-bbox="1843 1086 2078 1171">34,850</td> </tr> <tr> <td data-bbox="1205 1171 1619 1256">0.1% increase in salary increase rate</td> <td data-bbox="1619 1171 1843 1256">0%</td> <td data-bbox="1843 1171 2078 1256">968</td> </tr> <tr> <td data-bbox="1205 1256 1619 1327">0.1% increase in pension increase rate</td> <td data-bbox="1619 1256 1843 1327">2%</td> <td data-bbox="1843 1256 2078 1327">15,333</td> </tr> </tbody> </table>	Sensitivities at 31 March 2022	Approximate % Increase to Employer Liability	Approximate monetary amount £'000	0.1% decrease in real discount rate	2%	16,417	1 Year increase in the member life expectancy	4%	34,850	0.1% increase in salary increase rate	0%	968	0.1% increase in pension increase rate	2%	15,333
Sensitivities at 31 March 2022	Approximate % Increase to Employer Liability	Approximate monetary amount £'000															
0.1% decrease in real discount rate	2%	16,417															
1 Year increase in the member life expectancy	4%	34,850															
0.1% increase in salary increase rate	0%	968															
0.1% increase in pension increase rate	2%	15,333															

Notes to the Financial Statements

5. GENERAL FUND RESERVES

The Council has ring-fenced £89.433m of the balance on the General Fund.

Ring-fenced Balances	Balance 1 April 2021 £'000	Funds Used £'000	Contributions to/from Funds £'000	New Earmarking agreed 2021-22 £'000	New Earmarking at end of 2021-22 £'000	Balance 31 March 2022 £'000
Revenue from Additional Council Tax on Second Homes (Strategic Housing Fund)	7,126	(2,672)			2,136	6,590
Investment in Affordable Housing	3,500	-	(200)			3,300
Capital Projects	7,452	(6,279)	15,378	4,741	3,430	24,722
Lochgilthead and Tarbert Regeneration	2,272	(1)				2,271
Support for Rural Growth Deal	1,195	(137)				1,058
Asset Management	2,573	-			34	2,607
Piers and Harbours Investment Fund	970	-			673	1,643
Scottish Government Initiatives	1,116	(119)			2,144	3,141
Transformation	73	-	(73)			-
CHORD	262	-			87	349
School Budget Carry Forwards	1,020	(639)			1,601	1,982
Energy Efficiency Fund	218	-				218
Unspent Budget Required for Existing Legal Commitments	588	(113)				475
Unspent Committed Grants	8,393	(1,637)	(2)		6,080	12,834
Contributions Carried Forward	144	(25)	(2)		49	166
Other Previous Council Decisions	5,664	(828)	(3,137)	2,400	244	4,343
Redundancy Reserve	1,899	(167)				1,732
Supporting Organisational Change	499	(111)	1,200			1,588
Spend to Save Route Optimisation Software	100	-				100
Fleet - Timing Delay	107	-			392	499
Hermitage Park					4	4
COVID-19	13,469	(5,003)	(9,433)	7,562	2,812	9,407
Unspent Budget Carried Forward	13,248	(1,192)	(4,246)		2,594	10,404
Total Ring-fenced	71,888	(18,923)	(515)	14,703	22,280	89,433
Contingency	5,032	-	224	-	-	5,256
Unallocated	1,325	-	4,682	(4,166)	-	1,841
Total General Fund Balance	78,245	(18,923)	4,391	10,537	22,280	96,530

The contingency balance of £5.256m is 2% of the Council's budgeted net expenditure for 2022-23.

Notes to the Financial Statements

6. SUPPLEMENTARY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

6.1 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2020-21 £'000	Expenditure/Income	2021-22 £'000
	Expenditure	
163,138	Employee benefits expenses	184,092
163,560	Other services expenses	170,464
58,178	Contribution to Argyll and Bute Integration Joint Board	62,870
18,975	Depreciation, amortisation, impairment	24,575
18,693	Interest payments	18,207
1,400	Precepts and levies	1,419
(19)	Other operating expenditure	417
6,286	Net Loss/(Gain) on the disposal of assets	(103)
430,211	Total Expenditure	461,941
	Income	
(96,845)	Fees, charges and other service income	(104,511)
(58,178)	Income to fund social care services (Argyll and Bute Integration Joint Board)	(62,870)
(955)	Interest and investment income	(805)
(77,885)	Income from council tax and non-domestic rates	(81,648)
(210,605)	Government grants and contributions	(213,132)
(444,468)	Total Income	(462,966)
(14,257)	(Surplus)Deficit on the Provision of Services	(1,025)

Notes to the Financial Statements

6.2 Revenue from Contracts with Service Recipients

31 March 2021 £'000		31 March 2022 £'000
23,427	Revenue from contracts with service recipients	23,449
23,427	Total Included in Comprehensive Income and Expenditure Statement	23,449

7. OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.836m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure can be analysed as follows:

2020-21 Actual £'000	ing Income and Expenditure	2021-22 Actual £'000
1,400	Dunbartonshire and Argyll & Bute Valuation Joint Board Requisition	1,419
(19)	Equal Pay Settlements and Legal Costs	(16)
-	Other Operating Income and Expenditure not attributable to Services	433
1,381	Total	1,836

8. AGENCY SERVICES

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Argyll and Bute. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In addition, the Council received a number of funding streams from the Scottish Government in 2021/22 to support financial hardship experienced by third parties (individuals and businesses) related to the COVID-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, CIES or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

Notes to the Financial Statements

2020-21 Actual £'000	Agency Income	2021-22 Actual £'000
23,284	Scottish Government - Contributions (to)/from the non-domestic rates pool	25,070
13,932	Domestic water and sewerage charges collected	(14,317)
(13,932)	Domestic water and sewerage charges paid over to Scottish Water	14,317
289	Service income from Scottish Water for collection of domestic water and sewerage	289
7	Service income BID levy - Dunoon	7
7	Service income BID levy - Oban	7
(1,003)	COVID - Financial Hardship and Self-Isolation grants paid out	(1,405)
1,003	COVID - Financial Hardship and Self-Isolation funding received from Scottish Government	1,405
(37,144)	COVID - Business Grant Scheme paid out	(5,160)
37,144	COVID - Business Grant Scheme funding received from Scottish Government	5,160
(25,176)	COVID - Strategic Framework grants paid out	(17,543)
25,176	COVID - Strategic Framework funding received from Scottish Government	17,543
(3,623)	COVID - Other support for businesses (including furlough support) paid out	(7,445)
3,623	COVID - Other support for businesses (including furlough support) funding received from Scottish Government	7,445
23,587	Total	25,373

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

From 1 April 2016 health and social care services were fully integrated as part of the new Health and Social Care Partnership.

During 2021-22 the Partnership included provision of services to older people, supporting people with a learning disability and provision of support to adults who have a mental health difficulty.

Budgets are currently aligned which means that each Partner organisation holds their own element of the budget and records the income and expenditure that relates to the part of the service for which they are responsible.

During 2021-22 income received by the Council from this source amounted to £7.666m and the related expenditure was £10.110m. This can be analysed as follows:

2020-21		Purpose of Services	2021-22	
Income £'000	Expenditure £'000		Income £'000	Expenditure £'000
2,795	4,549	Care of the Elderly	3,355	5,203
2,793	3,310	Provision of Services for People with Learning Disabilities	2,857	3,279
1,352	1,551	Provision of Services for People with Mental Health Needs	1,454	1,628
6,940	9,410		7,666	10,110
7,148	5,217	Additional Covid Response Funding received via NHS for 2021-22	2,362	2,241
14,088	14,627		10,028	12,351

Notes to the Financial Statements

10. FEES PAYABLE TO AUDIT SCOTLAND

In 2021-22 the following fees relating to external audit and inspection were incurred:

2020-21 £'000	Auditor's Remuneration	2021-22 £'000
266	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed Auditor	272
266	Total Remuneration	272

The figure above includes fees for the audit of the Council's charitable trusts.

Audit Scotland did not undertake any non-audit work in 2020-21 or 2021-22.

11. WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

The Council has entered into a Public Private Partnership for the provision of its waste disposal service. This agreement requires the provider to upgrade or replace three waste disposal sites, two transfer stations and five civic amenity sites. In addition, the provider will also provide composting facilities to meet waste diversion targets. When the agreement ends in September 2026, during financial year 2026-27, the provider will hand back to the Council the waste disposal facilities with a remaining life of 5 years.

The Council has paid a service charge of £6.028m which represents the value of the service provided from 1 April 2021 to 31 March 2022 (£4.864m for 2020-21). Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2022-2023	6,658
2023-2025	13,763
2025-2027	9,444
Total	29,865

The average service charge equates to £5.168m per annum over the life of the contract.

Notes to the Financial Statements

12. GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2021-22:

2020-21 £'000	Grant Income	2021-22 £'000
	Credited to Taxation and Non Specific Grant Income	
197,110	Revenue Support Grant	191,432
23,284	Non Domestic Rates	25,070
2,137	Specific Capital Grant	474
8,480	General Capital Grant	10,822
48	Heritage Lottery Fund	137
1,339	Scottish Timber Transport Strategy	1,299
1,023	Scottish Government	1,126
102	Strathclyde Partnership for Transport (SPT)	195
11	Revenue Contribution to Capital Projects	27
329	Other Grants	2,620
26	Other Government Capital Grants	5,000
233,889	Total	238,202
	Credited to Services	
11,429	Scottish Government Specific Grants	12,830
3,703	Scottish Government Specific Grants - Scotland's Schools for the Future	-
356	General Capital Grant - Private Sector Housing Improvement Grants	558
18,605	Housing Benefit Subsidy	17,809
3,860	Other Revenue Government Grants	5,751
37,953	Total	36,948

Notes to the Financial Statements

13. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The aim of the Financial Reporting Standard dealing with Related Parties is to highlight instances where influence and control has been exercised over an external organisation by the Council, and where an elected member, their close family or someone in their household, has the ability to exercise the influence or control. Elected members and Senior Officers have completed a signed declaration on Related Party Interests and these have been used to compile this disclosure.

13.1 Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 12 – Grant Income.

Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021-22 is shown in the Remuneration Report.

During the year there was one organisation in which members had a significant interest and where the total of transactions exceeded £10,000.

Transactions in which Members have a significant interest	Expenditure £'000
Southpeak Services	28
Total	28

Notes to the Financial Statements

13.2 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Council.

During the year transactions with other related bodies were as follows:

Related Bodies	Expenditure £'000
Transactions with related bodies during the year totalled	4,630
<i>Of these, transactions with the following exceeded £10,000:</i>	
ACHA	32
LINK Group Ltd	1,827
West Highland Housing Association Ltd	168
Oban and Lorn Community Enterprise - Atlantis Leisure	514
Argyll and the Isles Tourism Ltd	15
Islay and Jura Community Enterprise	215
Mid Argyll Community Enterprise	139
Scotland Excel	71
Argyll and Bute Citizens Advice Bureau	48
Bute Advice	149
Kintyre Recycling	132
SEEMIS	158
Argyll and the Isles Coast & Countryside Trust	220
Carr Gomm	380
Argyll & Bute Women's Aid	122
Argyll & Bute Care & Repair	178
HELP	149
COSLA	71
Total	4,588

Given the relationships the Council has with other organisations and partners it is possible that some related party transactions may exist. However, the purpose of the requirement to complete the disclosure is to provide additional information to the users of the Annual Accounts and, by declaring possible instances, there is no suggestion that any inappropriate transactions have taken place.

Notes to the Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movement in Property, Plant and Equipment

Movements in 2021-22	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2021-22 £'000
Cost or Valuation							
At 1 April 2021	402,408	41,727	320,407	5,959	1,634	25,599	797,734
Additions	9,161	4,564	15,434	1,504	22	12,210	42,895
Additions financed under a new leasing arrangement							-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,808				35		6,843
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,015)				(122)	-	(3,137)
Derecognition - Disposals	(6)	(1,863)			-		(1,869)
Assets reclassified (to)/from Held for Sale	(248)		153		(164)		(259)
Other movements in cost or valuation	2,412	-	53		-	(2,465)	-
At 31 March 2022	417,520	44,428	336,047	7,463	1,405	35,344	842,207
Depreciation and Impairments							
At 1 April 2021	(26,267)	(31,782)	(97,460)	(9)	3	-	(155,515)
Depreciation Charge for 2021-22	(12,508)	(2,711)	(8,106)		-		(23,325)
Depreciation written out to the Revaluation Reserve	4,166						4,166
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,004						2,004
Impairment losses/(reversals) recognised in the Revaluation Reserve							-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-				-		-
Derecognition - Disposals	-	1,863					1,863
Other movements in depreciation and impairment	15		(3)		-		12
At 31 March 2022	(32,590)	(32,630)	(105,569)	(9)	3	-	(170,795)
Balance Sheet amount at 31 March 2022	384,930	11,798	230,478	7,454	1,408	35,344	671,412
Balance Sheet amount at 31 March 2021	376,141	9,945	222,947	5,950	1,637	25,599	642,219

Notes to the Financial Statements

Comparative Movements in 2020-21	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2020-21 £'000
Cost or Valuation							
At 1 April 2020	400,497	40,704	310,761	5,656	3,250	26,806	787,674
Additions	4,204	2,608	6,824	303	(3)	8,543	22,479
Additions financed under a new leasing agreement	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	406	-	-	-	100	-	506
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,348)	-	-	-	(113)	(7,170)	(8,631)
Derecognition - Disposals	(1,086)	(1,582)	-	-	-	-	(2,668)
Assets reclassified (to)/from Held for Sale	(223)	-	200	-	(1,600)	-	(1,623)
Other movements in cost or valuation	(42)	(3)	2,622	-	-	(2,580)	(3)
At 31 March 2021	402,408	41,727	320,407	5,959	1,634	25,599	797,734
Depreciation and Impairments							
At 1 April 2020	(29,881)	(31,077)	(89,607)	(9)	4	-	(150,570)
Depreciation Charge for 2020-21	(7,914)	(2,287)	(7,853)		(1)		(18,055)
Depreciation written out to the Revaluation Reserve	9,467						9,467
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	1,169				67		1,236
Derecognition - Disposals	823	1,582					2,405
Other movements in depreciation and impairment	69				(67)		2
At 31 March 2021	(26,267)	(31,782)	(97,460)	(9)	3	-	(155,515)
Balance Sheet amount at 31 March 2021	376,141	9,945	222,947	5,950	1,637	25,599	642,219
Balance Sheet amount at 31 March 2020	370,616	9,627	221,154	5,647	3,254	26,806	637,104

Notes to the Financial Statements

14.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost.
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for fair value.
- All other classes of assets are valued at fair value. Where there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold then an estimate of fair value is made using a depreciated replacement cost approach.

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured is re-valued at least every five years. Assets identified as Corporate Surplus Assets are valued in accordance with IFRS 13 - Fair Value Measurement. The Balance Sheet value of Corporate Surplus assets at 31 March 2022 was £1.408m. Corporate Surplus assets are valued at their fair value on 31 March each year. Level 2 or 3 inputs were used for most Corporate Surplus asset valuations.

Revaluations of Council owned land and property were carried out at 31 March 2022 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out in house by the Council's Estates Service. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following table shows the progress of the Council's rolling programme for the revaluation of Other Land and Buildings:

Valued at Fair Value as at:	Other Land & Buildings £'000
31 March 2022	44,329
31 March 2021	61,402
31 March 2020	26,317
31 March 2019	101,822
31 March 2018	151,060
Total Cost or Valuation	384,930

Notes to the Financial Statements

14.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer (20 to 60 years)
- Infrastructure – straight-line allocation over 40 – 60 years
- Vessels – straight line allocation over 25 years
- Vehicles, Plant and Equipment - straight-line allocation over the useful life of the asset as determined by a suitably qualified officer (5 to 20 years)

14.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and Council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2021-22 total spending on capital projects was £42.976m. The 2020-21 opening balance for the capital financing requirement has been restated to take account of the revaluation of the Landfill sites which had been incorrectly included in 2019-20. This subsequently results in the removal of £0.583m from Total Funding within 2020-21 as this is not a source of finance. There is also an adjustment in 20-21 to include assets held for sale (£25k). This note is for information only and does not impact the main financial statements.

2020-21 £'000		2021-22 £'000
294,885	Opening Capital Financing Requirement	294,752
	<i>Capital Investment:</i>	
3,851	Property Plant and Equipment: Other Land and Buildings	9,157
2,608	Vehicles, Plant, Furniture and Equipment	4,564
6,824	Infrastructure Assets	15,434
303	Community Assets	1,504
(3)	Surplus Assets	22
8,543	Assets Under Construction	12,210
	Property Plant and Equipment	
353	acquired under Finance Leases: Other Land and Buildings - DBFM Schools	4
-	Heritage Assets	13
75	Intangible Assets	68
(25)	Assets Held for Sale	
22,529	Total Capital Investment	42,976
	<i>Sources of Finance:</i>	
(612)	Capital Receipts	(838)
(13,495)	Government Grants	(21,700)
(744)	Capital Financed from Current Revenue	(735)
(5,246)	Net Borrowing	(2,514)
(2,592)	Assets Acquired under Finance Leases/Schools NPDO	(4,844)
27	Capital Receipts transferred to/(from) Capital Fund	3
(22,662)	Total Funding	(30,628)
294,752	Closing Capital Financing Requirement	307,100

Notes to the Financial Statements

14.5 Commitments under Capital Contracts

At 31 March 2022, the Council had commitments on capital contracts of £8.224m. This expenditure will be funded from a combination of Government Grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2021 were £18.675m. The major commitments are:

	£'000
Helensburgh Waterfront Development	2,959
Kilmory Business Park	1,980
Gartbreck/Glengorm Landfill Sites	896
Lochgilphead Front Green	486
St Muns Primary School Upgrade	262
Garelochhead Primary School Upgrade	254
Gibraltar Street, Oban, Public Realm	250
Dunoon Cycle Bothy	212
Oracle Replacement Project	202
Oban North Pier	150
Other small projects each less than £0.150m in value	573

15. HERITAGE ASSETS

The main heritage assets held by the Council are two art collections, an archaeology collection and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the Balance Sheet. Further details on the council's heritage assets policy can be found in note 1.11.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2021-22	Art Collections	Heritage Property	Total
	£'000	£'000	£'000
Cost or Valuation			
Net Book Value at 1 April 2021	1,600	486	2,086
Additions	-	13	13
Disposals	-	-	-
Revaluations	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-
Transfer from Assets Under Construction	-	-	-
At 31 March 2022	1,600	499	2,099

Notes to the Financial Statements

16. INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over the economic life of the licences, assessed as five years.

The movement in intangible assets during the year was:

	Purchased Software Licences	Total Intangible Assets
Movements in 2021-22	£'000	£'000
Cost or Valuation		
At 1 April 2021	2,207	2,207
Additions	68	68
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
At 31 March 2022	2,275	2,275
Depreciation and Impairments		
At 1 April 2021	(1,635)	(1,635)
Charge for 2021-22	(36)	(36)
Disposals	-	-
At 31 March 2022	(1,671)	(1,671)
Balance Sheet amount at 31 March 2022	604	604
Balance Sheet amount at 31 March 2021	572	572

Notes to the Financial Statements

Comparative Movements in 2020-21	Purchased Software Licences	Total Intangible Assets
	£'000	£'000
Cost or Valuation		
At 1 April 2020	2,129	2,129
Additions	75	75
Disposals	-	-
Revaluations	-	-
Reclassifications	3	3
At 31 March 2021	2,207	2,207
Depreciation and Impairments		
At 1 April 2020	(1,546)	(1,546)
Charge for 2020-21	(89)	(89)
Disposals	-	-
At 31 March 2021	(1,635)	(1,635)
Balance Sheet amount at 31 March 2021	572	572
Balance Sheet amount at 31 March 2020	583	583

17. INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2022. Revaluations of investment properties were carried out at 31 March 2022 in house by the Estates Service.

17.1 Movement in Investment Property

The movement in investment property during 2021-22 was:

Movements in 2021-22	Investment Properties
	£'000
Cost or Valuation	
At 1 April 2021	2,435
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	(38)
Transfers	31
At 31 March 2022	2,428

Notes to the Financial Statements

17.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2020-21 £'000		2021-22 £'000
113	Rental income from investment property	148
(4)	Direct operating expenses arising from investment property	(4)
109		144

18. SCHOOLS BUILT UNDER PUBLIC PRIVATE PARTNERSHIP CONTRACTS (PPP)

Argyll and Bute Council have two schemes:

Schools Non-Profit Distributing Organisation (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the Non-Profit Distributing Organisation (NPDO) variant of a Public Private Partnership (PPP), became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council, it is expected at that point in time each school will have an estimated life of 30 years remaining.

Schools Hub Design, Build, Finance and Maintain Contract (DBFM)

Campbeltown and Oban High Schools have been built under this type of arrangement which reached Financial Close in March 2016.

Campbeltown Grammar School Construction Phase 1 was completed on 19 February 2018 and provided a new secondary school for pupils aged between 12 and 18. The new school has capacity for 500 pupils and replaces the existing Campbeltown Grammar School on the current school site at Hutcheon Road, Campbeltown. Phase 2 which included the demolition of the existing school buildings, provision of a car park, landscaping and 3G artificial turf pitch was completed during 2018-19.

Oban High School Construction Phase 1 was completed on 5 April 2018 and provided a new secondary school for pupils between 12 and 18. The new school has capacity for 1300 pupils and replaces the existing Oban High School, on the current school site at Soroba Road, Oban. Phase 2 includes the demolition of the existing school buildings, provision of a car park, landscaping and a pedestrian footway with lighting from the new school facilities to the grass pitches owned by the Council at Glencruitten, Oban was completed during 2018-19.

Notes to the Financial Statements

18.1 Assets Held under Schools NPDO and DBFM Contracts

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2022 and depreciation to date are included as part of Operational Land and Buildings.

As noted above two schools were completed under the Schools DBFM Contract. Oban High School and Campbeltown Grammar have been included within Operational Land & Buildings.

Movements in 2021-22	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2021	53,715	122,046	175,761
Additions at Cost	4	-	4
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2022	53,719	122,046	175,765
Depreciation and Impairments			
At 1 April 2020	-	-	-
Charge for 2021-22	(1,748)	(3,089)	(4,837)
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2022	(1,748)	(3,089)	(4,837)
Balance Sheet amount at 31 March 2022	51,971	118,957	170,928
Balance Sheet amount at 31 March 2021	53,715	122,046	175,761
			The value of a of the move
Comparative Movements in 2020-21	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2020	58,897	130,677	189,574
Additions at Cost	353	-	353
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2021	59,250	130,677	189,927
Depreciation and Impairments			
At 1 April 2020	(3,798)	(5,756)	(9,554)
Charge for 2020-21	(1,737)	(2,875)	(4,612)
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2021	(5,535)	(8,631)	(14,166)
Balance Sheet amount at 31 March 2021	53,715	122,046	175,761
Balance Sheet amount at 31 March 2020	55,099	124,921	180,020

Notes to the Financial Statements

18.2 Schools NPDO Finance Lease Liability

The finance lease liability arising from the Schools NPDO contract is as follows:

Movements in 2021-22	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2021	(55,909)	(65,175)	(121,084)
Additions	-	-	-
Repayments	2,034	2,766	4,800
Prior year repayment adjustment	-	-	-
Schools Finance Lease Liability at 31 March 2022	(53,875)	(62,409)	(116,284)
Split:			
Obligations payable within 1 year	(2,000)	(3,071)	(5,071)
Obligations payable after 1 year	(51,876)	(59,337)	(111,213)
Schools Finance Lease Liability at 31 March 2022	(53,876)	(62,408)	(116,284)

Comparative Movements in 2020-21	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2020	(55,968)	(67,666)	(123,634)
Additions	-	-	-
Repayments	1,994	2,491	4,485
Prior year repayment adjustment	(1,935)	-	(1,935)
Schools Finance Lease Liability at 31 March 2021	(55,909)	(65,175)	(121,084)
Split:			
Obligations payable within 1 year	(2,033)	(2,766)	(4,799)
Obligations payable after 1 year	(53,876)	(62,409)	(116,285)
Schools Finance Lease Liability at 31 March 2021	(55,909)	(65,175)	(121,084)

Notes to the Financial Statements

18.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2022 - 2023	3,071	6,475	5,602	15,148
2023 - 2027	13,916	22,042	24,256	60,214
2027 - 2032	26,409	18,381	34,328	79,118
2032 - 2035	19,013	4,359	18,291	41,663
Total	62,409	51,257	82,477	196,143

18.4 Payments due to Operator under Schools DBFM Contract

The Council is committed to paying the following sums under the Schools DBFM contract:

Future Repayment Periods	Repayment of Liability £'000	Service Charges £'000	Total Payments £'000
2022- 2023	2,000	786	2,786
2023 - 2027	8,078	4,114	12,192
2027 - 2032	10,510	7,201	17,711
2032 - 2037	12,609	10,365	22,974
2037 - 2042	16,696	9,284	25,980
2042 - 2043	3,983	763	4,746
Total	53,876	32,513	86,389

19. OPERATING LEASES

19.1 Operating Leases – Amounts Paid to Lessors

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amounts paid under these arrangements in 2021-22 were as follows:

2020-21 £'000		2021-22 £'000
256	Land and Buildings	226
1,407	Vehicles	1,322
184	Plant and Equipment	176
1,847	Total	1,724

Notes to the Financial Statements

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2022 to making payments of £2.990m under operating leases comprising the following elements:

31st March 2021			31st March 2022	
Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000		Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
177	311	Due within 1 year	161	286
583	254	Due between 1 and 5 years	574	314
1,625	38	Due after 5 years	1,579	76
2,385	603	Value at 31 March	2,314	676

20. FINANCE LEASES

20.1 Finance Leases – Amounts Paid to Lessors

During 2017-18 the Council purchased a new cremator for Cardross Crematorium under a finance lease arrangement. The amount paid under this arrangement in 2021-22 was as follows:

2020-21 £'000		2021-22 £'000
63	Plant and Equipment	63
63	Total	63

20.2 Assets Held Under Finance Leases

Assets purchased under a finance leases are included within the assets of the Council and depreciated over the life of the asset as follows:

2020-21 £'000	Vehicles, Plant and Equipment	2021-22 £'000
478	Value at 1 April	427
-	Additions	-
(51)	Depreciation	(51)
427	Value at 31 March	376

Notes to the Financial Statements

20.3 Finance Lease Liability

The Council was committed at 31 March 2022 to making payments of £0.396m under finance leases comprising the following elements:

Movements in 2021-22	£'000
Balance at 1 April 2021	(440)
Additions	-
Repayments	44
Finance Lease Liability at 31 March 2022	(396)
Split:	
Obligations payable within 1 year	(63)
Obligations payable between 1 and 5 years	(251)
Obligations payable after 5 years	(155)
Finance Lease Obligations at 31 March 2022	(469)
Less Interest element of lease	73
Finance Lease Liability at 31 March 2022	(396)

Comparative Movements in 2020-21	£'000
Balance at 1 April 2020	(483)
Additions	-
Repayments	43
Finance Lease Liability at 31 March 2021	(440)
Split:	
Obligations payable within 1 year	(63)
Obligations payable between 1 and 5 years	(252)
Obligations payable after 5 years	(217)
Finance Lease Obligations at 31 March 2021	(532)
Less Interest element of lease	92
Finance Lease Liability at 31 March 2021	(440)

Notes to the Financial Statements

21. LONG TERM DEBTORS

31st March 2021 £'000		31st March 2022 £'000
14	House Loans	13
750	Waste PPP Historic Contamination Fund	750
1,384	Charging Orders - Care Home Fees	1,465
3,297	Strategic Housing Fund Loans to Registered Social Landlords	3,229
583	Other Long Term Debtors	335
6,028	Total Long Term Debtors	5,792

22. DEBTORS

31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
18,350		Arrears of Local Taxation	19,410	
(16,170)		Less: Provision for Bad Debts	(16,910)	
	2,180			2,500
1,030		Housing Benefits Overpayments	974	
(955)		Less: Provision for Bad Debts	(910)	
	75			64
6,092		Debtor Accounts	3,351	
(1,012)		Less: Provision for Bad Debts	(1,067)	
	5,080			2,284
	-	Net Debtor to Scottish Government for Non Domestic Rates		721
	3,080	VAT Recoverable from HMRC		2,436
	205	Strategic Housing Fund Loans due within 1 Year		68
	6,037	Accrued Income		4,891
	3,789	Other Debtors		5,742
	20,446	Total Debtors		18,706

Notes to the Financial Statements

23. ASSETS HELD FOR SALE

The movement in assets held for sale during 2021-22 was:

2020-21 £'000	Movements	2021-22 £'000
674	Balance outstanding at 1st April 2021	1,865
1,624	Assets newly classified as "Held for Sale" (Property, Plant and Equipment)	228
(25)	Additions	-
(43)	Revaluation losses	(12)
-	Revaluation gains	134
-	Impairment losses	-
-	Assets declassified as "Held for Sale" (Property, Plant and Equipment)	-
(365)	Assets Sold	(706)
1,865	Balance outstanding at 31st March 2022	1,509

24. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2021 £'000		31 March 2022 £'000
4	Cash held by the Authority	1
(30)	Cash in transit	74
25,518	Short term deposits with banks	5,117
17,290	Short term deposits in Money Market Funds	19,600
(7,144)	Bank Current Accounts	(5,064)
35,638	Total Cash and Cash Equivalents	19,728

Notes to the Financial Statements

25. CREDITORS

31 March 2021 £'000		31 March 2022 £'000
7,134	Accrued Payrolls and Superannuation	7,544
2,761	Accrued Employer's National Insurance Contributions and PAYE	2,880
7,206	Accrual for Short Term Accumulating Absences	6,927
983	Creditors System Liability	11
14,925	Accrued Expenditure	12,117
2,389	Health and Social Care Partnership Creditor	2,148
400	RCGF Grant Income	387
180	Housing Benefit Subsidy	-
829	Trust Funds	856
1,171	Net Creditor to Scottish Government for Non Domestic Rates	-
7,479	Other Creditors	8,412
45,457	Total Creditors	41,283

26. FINANCIAL INSTRUMENTS DISCLOSURES

26.1 Types of Financial Instruments

Accounting regulations require the "Financial Instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "Financial Instruments":

31 March 2021			31 March 2022	
Long Term £'000	Current £'000		Long Term £'000	Current £'000
		Investments and Lending		
6,388	118,396	Loans and Receivables	6,284	38,434
		Borrowing		
284,848	50,920	Financial Liabilities at amortised cost	273,969	64,282

26.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2022 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

Notes to the Financial Statements

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2021			31 March 2022	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
124,784	125,076	Lending Loans and Receivables	44,718	44,954
335,768	422,798	Borrowing Financial Liabilities	338,251	401,463

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

26.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments.

26.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

26.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2022 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2022 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Deposits with Banks and Money Market Funds	24,717	-	-

Notes to the Financial Statements

The information in respect of the Council's debtors can be found in note 21 and 22. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 22 represents the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the Council and credit is issued on the Council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

26.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under Financial Instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 30% of the loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2021 £'000	Maturity analysis of financial liabilities	31 March 2022 £'000
50,920	Less than one year	64,281
10,893	Between one and two years	5,284
16,915	Between two and five years	17,690
257,040	More than five years	250,996
335,768		338,251

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

26.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the "fair value" of both lending and borrowing at fixed rates. Changes in "fair value" of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.

During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.

The Council takes the daily advice from its specialist treasury advisers and actively monitors changes

Notes to the Financial Statements

in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the Government Grant support the Council receives for "loan charges".

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2022, with all other variables held constant:

	31 March 2022 £'000
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	105
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for "loan charges"	-
Net effect on Statement of Comprehensive Income & Expenditure	105

	31 March 2022 £'000
Other accounting presentational changes	
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the notes to the financial statements)	43,465

The impact of a 1% fall in the interest rates would be as above but with the changes being reversed.

26.8 Price Risk

The Council has no investment classified as "available-for-sale".

26.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

26.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

31 March 2021 £'000		31 March 2022 £'000
32,808	Banks and Money Market Funds	24,717

Notes to the Financial Statements

26.11 Soft Loans

The Council has no material soft loans at 31 March 2022, on which no interest was being charged.

26.12 Short-Term Borrowing

The Common Good and the various Trust Funds administered by the Council had monies temporarily invested with the Council's loans fund during the year. The amounts at 31 March 2022 are shown in the table below. Further details of the nature and amounts of the funds of the Common Good and Trust Funds are shown in notes 36 and 37.

31 March 2021 £'000		31 March 2022 £'000
133	Common Good	133
829	Trust Funds	829

27. OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £117.430m as at 31 March 2022 and comprise the following:

Movements in 2021-22	Opening Balance 1 April 2021 £'000	Movement in Year £'000	Closing Balance 31 March 2022 £'000
Finance Lease Liability (See note 20.3)	(440)	44	(396)
Schools Finance Lease Liability (See note 18.2)	(121,084)	4,800	(116,284)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(122,274)	4,844	(117,430)
Split:			
Short Term Liabilities (due within 1 year)			(5,117)
Long Term Liabilities (due after 1 year)			(112,313)
Total Other Liabilities			(117,430)

Notes to the Financial Statements

28. PROVISIONS

	Opening Balance 1 April 2021 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2022 £'000
Equal Pay Claims	(59)	-	-	16	(43)
Income due to Registered Social Landlords	(71)	(19)	-	-	(90)
Commercial Rent Balances	(154)	(20)	-	-	(174)
Service Choices Redundancy Costs	(150)	(65)	138	-	(77)
Landfill Sites - Restoration and Aftercare Costs	(1,909)	(80)	-	-	(1,989)
Utilities Provision	(256)	-	-	33	(223)
Litigation Claims	(250)	(50)	79	-	(221)
Insurance Excess Provision	(10)	-	-	-	(10)
NPDO and Hub DBFM Payments	(1,477)	(379)	158	215	(1,483)
Total Provisions	(4,336)	(613)	375	264	(4,310)
<i>Split:</i>					
Short Term Provisions (due within 1 year)					(2,231)
Long Term Provisions (due after 1 year)					(2,079)
Total Other Liabilities					(4,310)

A provision was created at the end of 2005-06 in relation to employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. There may be further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

The Council reduced the discount on Council Tax from second homes to 10% during 2005-06. The additional Council Tax income invoiced during 2021-22 amounted to £2.106m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected has been created amounting to £0.090m.

There is a provision for Commercial Rents where arrangements have been put in place for repayment over a number of years. The provision reflects the uncertainty of collection of the debt.

Liabilities have arisen in respect of employees who will be made redundant as a result of savings options agreed. The cost for any employee, whose contract has been terminated on or before 31 March 2022 has been incurred in year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2022, a provision of £0.077m has been created.

A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. The landfill sites were revalued at 31 March 2022 and the provision for restoration and aftercare increased to £1.989m. These have been provided for based on the net present value of estimated future costs.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.033m has been reversed during 2021-22 resulting in a total provision of £0.223m.

Notes to the Financial Statements

A legal litigation provision was created in 2020-21 as the Council is currently involved in several ongoing cases that will incur costs into future years. The provision is based on sums invoiced and anticipated future costs.

A provision was created in 2020-21 for insurance excess costs in relation to an ongoing HR process and this has been carried forward into 2021-22.

The NPDO provision for withheld sums from the Unitary Charge paid to ABC Schools which relate to disputed performance deductions and unbilled utility costs. The HUB DBFM provision for withheld sums from the Monthly Service Payment paid to Hub North Scotland (O&C) Ltd which relate to disputed performance deductions.

29. CAPITAL GRANTS RECEIVED IN ADVANCE

	Opening Balance 1 April 2021 £'000	Capital Grants Received £'000	Amounts Used £'000	Closing Balance 31 March 2022 £'000
Ministry of Defence LIBOR Funding - Helensburgh & Lomond	(5,000)	-	5,000	-
Grant in Aid - Gaelic School Capital Fund	(7)	-	7	-
Total Other Liabilities	(5,007)	-	5,007	-
Split:				
Capital Grant Receipts in Advance (due within 1 year)				-
Capital Grant Receipts in Advance (due after 1 year)				-
Total Other Liabilities				-

The Chancellor of the Exchequer, in his Spring 2016 Budget, awarded Argyll and Bute Council LIBOR funding of £5m. The Ministry of Defence (MOD) are acting on behalf of Her Majesty's Treasury (HMT) with regard to all matters relating to this funding.

The purpose of the grant is to provide a contribution to the costs of the provision of the new Helensburgh Leisure Centre on condition that serving personnel and their families are offered favourable admission terms. This is because the LIBOR funds are to be used to recognise the contribution made by the Armed Forces Community to the nation. These funds have been drawn down in 2021-22.

30. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two separate pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Notes to the Financial Statements

Teachers

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contribution scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

30.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2022. These payments have been accrued and are included within the creditors figure on the Balance Sheet. These have been paid during April 2022. The amounts are as follows:

- Local Government Pension Scheme – £1.671m
- Teachers' Scheme – £1.082m

30.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2020. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer's pensionable payroll over the year to 31 March 2022 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Notes to the Financial Statements

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2020-21 £'000		2021-22 £'000
	Comprehensive Income and Expenditure Statement:	
	Cost of Services:	
	<i>Service cost comprising:</i>	
24,830	Current Service Cost	37,756
73	Past Service Cost (Including Curtailments)	197
24,903	Net Cost of Services	37,953
1,888	Net Interest Expense	1,864
26,791	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,817
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(153,529)	Return on Assets (excluding amounts included in net interest)	(46,314)
(16,702)	Other Experience (see note (i) below)	1,795
173,619	Change in Financial and Demographic Assumptions	(66,129)
30,179	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(70,831)
	Statement of Movement in Reserves:	
(11,580)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(23,700)
	Actual Amount charged against the General Fund Balance for pensions in the year:	
15,211	Employer's Contributions Payable to the Scheme	16,117

- (i) *A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular cost method. (ASOP No. 4)*

Notes to the Financial Statements

30.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2020-21 £'000		2021-22 £'000
743,420	Defined Benefit Obligation at 1 April 21	897,836
24,830	Current Service Cost	37,756
73	Past Service Costs including Curtailments	197
17,390	Interest Cost	18,152
4,182	Contributions by Scheme Participants	4,457
131,520	Re-measurement Gains and (Losses)	(64,334)
(23,579)	Estimated Benefits Paid	(22,822)
897,836	Defined Benefit Obligation at 31 March 22	871,242

Reconciliation of fair value of the scheme (plan) assets:

2020-21 £'000		2021-22 £'000
676,074	Fair Value of Employer Assets at 1 April 21	815,522
	Re-measurement Gains and (Losses):	
153,529	Expected Rate of Return on Pension Fund Assets	46,314
(25,397)	Actuarial Gains and Losses	-
15,502	Interest Income on Plan Assets	16,288
15,211	Employers Contributions	16,117
4,182	Contributions by Scheme Participants	4,457
(23,579)	Estimated Benefits Paid	(22,822)
815,522	Fair Value of Employer Assets at 31 March 22	875,876

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

30.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

2020-21 £'000	Local Government Pension Scheme	2021-22 £'000
(870,979)	Present Value of Funded Liabilities	(846,995)
(26,857)	Present Value of Unfunded Liabilities	(24,247)
815,522	Fair Value of Employer Assets	875,876
(82,314)	Surplus/(Deficit) in the Scheme	4,634

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

Notes to the Financial Statements

30.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2022 comprised:

2020-21 £'000		2021-22 £'000
13,691	Cash and Cash Equivalents	22,287
	Equity Instruments (by industry type)	
46,957	Consumer	41,032
46,519	Manufacturing	38,595
8,518	Energy and Utilities	9,115
28,867	Financial Institutions	24,122
22,751	Health and Care	29,269
37,735	Information Technology	50,860
-	Other	-
191,347	Sub-total Equity Instruments	192,993
	Bonds (by sector)	
-	Corporate	-
-	Government	-
-	Sub-total Bonds	-
	Real Estate	
66,075	UK Property	73,866
-	Overseas Property	-
66,075	Sub-total Real Estate	73,866
145,865	Private Equity (All)	171,465
	Investment Funds and Unit Trusts	
285,233	Equities	324,322
110,297	Bonds	88,462
345	Commodities	301
824	Infrastructure	769
1,698	Other	1,411
398,397	Sub-total Investment Funds and Unit Trusts	415,265
	Derivatives	
-	Forward Foreign Exchange Contracts	-
147	Other	-
147	Sub-total Derivatives	-
815,522	Total Assets	875,876

2020-21 £'000	Fair Value of Pension Fund Assets	2021-22 £'000
	Equity Securities	
190,471	Quoted in an Active Market	192,575
876	Not Quoted in an Active Market	418
191,347	Sub-total Equity Securities	192,993

Notes to the Financial Statements

30.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

2020-21 Years	Mortality assumptions	2021-22 Years
19.8	Longevity at 65 for current pensioners: Men	19.6
22.6	Women	22.4
21.2	Longevity at 65 for future pensioners: Men	21.0
24.7	Women	24.5
2020-21 %	Financial Assumptions	2021-22 %
2.9%	Rate of Inflation (CPI)	3.2%
3.6%	Rate of Increase in Salaries	3.9%
2.9%	Rate of Increase in Pensions (CPI)	3.2%
2.0%	Rate for discounting scheme liabilities	2.7%
2020-21 %	Long-term Expected Rate of Return on Assets in the Fund	2021-22 %
2.0%	Equity Investments	2.7%
2.0%	Bonds	2.7%
2.0%	Property	2.7%
2.0%	Cash	2.7%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

30.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range.

Notes to the Financial Statements

30.8 Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2022-2023.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £14.344m. This is based on an assumed pensionable payroll of £74.322m.

The assumed weighted average duration of the defined benefit obligation for the Council falls into the "Medium" duration category which is between 17 and 23 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

30.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency. The Scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The Scheme is financed by payments from employers and from those current employees who are members of the Scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified by the regulations.

Employers currently pay a contribution rate of 23% - about two thirds of the cost of an individual's pension. This took effect from 1 September 2019.

The Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the Scheme or withdrawal from the Scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Authority is unable to identify its share of the underlying assets and liabilities of the scheme.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 23% employers' contribution rate.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2022, the council's own contributions equate to 1.45%.

2020-21		2021-22
9,229	Amount Paid Over (£'000)	9,497
23.00%	Rate of Contribution (%)	23.00%
520	Amount of Added Years Awarded by the Council (£'000)	514

The contributions due to be paid to the Teacher's Scheme by the Council in the next financial year are estimated to be £9.798m.

Notes to the Financial Statements

31. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2021-22				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive and Strategic Finance	-	1,108	-	(21)	1,087
Executive Director (Douglas Hendry)					
Executive Director (Douglas Hendry)	-	65	-	(6)	59
Commercial Services	2,159	1,744	-	4,150	8,053
Education	5,303	4,944	-	(7,916)	2,331
Legal and Regulatory Support	3,125	926	(4,800)	2,554	1,805
Executive Director (Kirsty Flanagan)					
Executive Director (Kirsty Flanagan)	-	49	-	(17)	32
Head of Customer Support	1,173	1,544	-	396	3,113
Head of Development and Economic Growth	341	1,754	-	(309)	1,786
Roads and Infrastructure	11,852	4,139	-	1,196	17,187
Social Work	170	2,381	-	(313)	2,238
Other Non-Departmental Costs	4	(700)	-	9	(687)
	-	-			
Net Cost of Services	24,127	17,954	(4,800)	(277)	37,004
Other Income and Expenditure	(24,564)	5,746	-	(923)	(19,741)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement (Surplus)/Deficit	(437)	23,700	(4,800)	(1,200)	17,263

Notes to the Financial Statements

(i) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- Financing and investment income and expenditure – the statutory charges for capital financing (loans fund advances) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

(ii) Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) Capital element of schools NPDO payment

- This is the capital cost of the annual payment to the schools NPDO operator and represents repayment of the Balance Sheet liability rather than a charge to Comprehensive Income and Expenditure Statement.

(iv) Other Adjustments

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For services an adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts (Comparative Year)	Adjustments between Funding and Accounting Basis 2020-21				
	Adjustments for Capital Purposes Note (i)	Net change for Pension Adjustments Note (ii)	Capital element of Schools NPDO payment Note (iii)	Other Adjustments Note (iv)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Strategic Finance	(66)	535	-	(17)	452
Executive Director (Douglas Hendry)					
Executive Director (Douglas Hendry)	-	34	-	(7)	27
Commercial Services	1,834	844	-	4,149	6,827
Education	3,509	2,399	-	(7,475)	(1,567)
Legal and Regulatory Services	2,911	443	(2,549)	2,554	3,359
Executive Director (Kirsty Flanagan)					
Executive Director (Kirsty Flanagan)	-	24	-	(18)	6
Head of Customer Support Services	1,276	789	-	395	2,460
Head of Development and Economic Growth	(9)	885	-	(306)	570
Roads and Amenity Services	8,839	1,996	-	1,189	12,024
Social Work	677	3,096	-	(308)	3,465
Other Non-Departmental Costs	4	(1,351)	-	-	(1,347)
	-	-			
Net Cost of Services	18,975	9,694	(2,549)	156	26,276
Other Income and Expenditure from the Expenditure and Funding Analysis	(13,184)	1,886	-	(660)	(11,958)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement (Surplus)/Deficit	5,791	11,580	(2,549)	(504)	14,318

Notes to the Financial Statements

32. UNUSABLE RESERVES

Movements in the Council's unusable reserves are detailed in the Statement of Movement in Reserves.

32.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

32.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

32.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

32.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

Notes to the Financial Statements

32.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

33. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Statement of Movement in Reserves.

33.1 Capital Funds

The Council holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year, and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

During the 2007-08 financial year the Council established a Capital Fund under Section 22 of Schedule 3 of the Local Government (Scotland) Act 1975. All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008.

The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2021-22	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2021	2,872	1,534	4,406
Proceeds of Disposals	3	835	838
Transfer to Capital Adjustment Account	-	(835)	(835)
Contribution to Capital Fund From Revenue	-	-	-
Interest Earned	2	3	5
Balance at 31 March 2022	2,877	1,537	4,414

33.2 Repairs and Renewals Fund

The movement in the Education Repairs and Renewals Fund is as follows:

Movements in 2021-22	Balance at 1 April 2021 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2022 £'000
Education	2,134	(349)	2	895	2,682
Total	2,134	(349)	2	895	2,682

Notes to the Financial Statements

34. CONTINGENT LIABILITIES

34.1 Equal Pay Claims

The Council settled a number of equal pay claims during 2017-18, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

34.2 Limitation (Childhood Abuse) (Scotland) Act 2017

The Limitation (Childhood Abuse) (Scotland) Act 2017 Section 1 removes the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. At this stage the extent of any potential liability is unknown.

34.3 Goodwin Judgement

The Social Security Act 1986 introduced changes to survivor pensions which resulted in most public service pension schemes providing survivor benefits to widowers (male survivors in opposite-sex marriages) based on the female spouse's service from 6 April 1988 onwards. Since the introduction of civil partnerships and same sex marriages, public service pension schemes have provided survivor benefits in respect of both which have been in line with those paid to widowers. An employment tribunal (the Goodwin case) concluded on 30 June 2020 that a female member in an opposite sex marriage is treated less favorably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. Where schemes contain provisions deemed discriminatory, those provisions must be dis-applied as being contrary to the non-discrimination rule set out in section 61 of the Equality Act 2010. In light of this ruling the Chief Secretary to the Treasury has confirmed that amendments would be made to the Teachers' Pension Scheme and other public service pension schemes so that "surviving male same-sex and female same-sex spouses and civil partners will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages"

There is still uncertainty surrounding the potential remedy to the Goodwin judgement however the Council's actuaries have estimated the potential impact of implementing a solution to correct the past underpayment of spouses' benefits to be circa 0.1% - 0.2% of gross obligations. This would amount to £0.871m at 0.1% for the Council or £1.742m at 0.2%. As there is still uncertainty over the remedy and the potential impact no provision has been made in the accounts at the current time.

34.4 Other Legal Challenges

There are other legal challenges which are on-going and may result in future liabilities.

35. TERMINATION BENEFITS

A number of savings options have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Councils staffing levels. The Council had forewarning of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year, provision was made within the financial year for the costs of all employees who had accepted redundancy as at 31 March ending that year, including accounting for costs for employees who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2021-22 is £0.308m for 6 employees and in 2020-21 was £0.522m for 16 employees. These costs are detailed further in the Remuneration Report.

Notes to the Financial Statements

Termination costs for all Council employees who have accepted redundancy by 31 March 2022 have been accounted for in 2021-22, or in previous financial years.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the savings agreed by the Council. There will be further redundancy costs incurred as the Council is required to make further savings to balance the budget in future years and the council have earmarked monies from the loans fund one-off re-profiling gain.

36. TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which the Council act as sole trustee:

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	14	3	676	676
GM Duncan Trust	-	2	69	69
MacDougall Trust	26	-	1,124	1,124
Various Other Trust Funds	1	9	466	466
Total Trust Funds	41	14	2,335	2,335

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by the Council, can be obtained from Financial Services within the Chief Executive's Unit.

A number of the trust funds administered by the Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by the Council comply and will continue to comply with these requirements.

37. COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2022. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Financial Services within the Chief Executive's Unit.

37.1 Common Good Income and Expenditure Account for the year ended 31 March 2022

2020-21 Actual £'000		2021-22 Actual £'000
170	Expenditure	199
(594)	Income	(351)
(424)	(Surplus)/Deficit for the Year	(152)

Notes to the Financial Statements

37.2 Common Good Balance Sheet at 31 March 2022

2020-21 Actual £'000		2021-22 Actual £'000
4,898	Tangible Fixed Assets	4,813
2,954	Investments	3,207
289	Current Assets	322
(11)	Current Liabilities	(42)
8,130	Total Assets less Liabilities	8,300
4,902	Revaluation Reserve	4,817
3,228	Common Good Fund	3,483
8,130	Total Net Worth	8,300

38. Tax Incremental Financing (TIF) Projects

The Council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc Tax Incremental Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue.

The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Lorn Arc area of Oban. The project is for 25 years, with the first material capital investment incurred during the financial year ended 31 March 2015.

During the TIF project period, the Council is entitled to retain the TIF revenue from its NDR revenue, a pro-rata amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The Council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. If all projects are delivered and debt is fully paid, the Council can retain 50% of the TIF revenue for further infrastructure investment until the end of the TIF period.

Net capital expenditure incurred in the year to 31 March 2022, to be funded from borrowing, in respect of TIF assets totalled £0.049m (2020-21 £0.037m). This is reflected in the "Summary of Capital Expenditure and Financing" outlined within note 14.4. The total TIF debt to be repaid over the project period, in respect of investment to 31 March 2022, has been calculated in accordance with finance circular No. 4/2014 at £0.987m (2020-21 £0.939).

There is a retention of £0.336m of TIF income during 2021-22 (2020-21 £0.164m) to repay the notional borrowing for TIF. Principal sums accumulated by 2021-22 amount to £0.137m (2020-21 £0.132m) and cumulative interest £0.116m (2020-21 £0.115m) resulting in a net cumulative surplus of £1.103m (2020-21 £0.773m) which will be used to pay down TIF debt per the TIF agreement and the balance of £0.252m will be placed in earmarked reserves to be used in future years to repay debt costs.

Notes to the Financial Statements

39. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

2020-21 £'000		2021-22 £'000
(14,257)	Net (Surplus)/Deficit on Provision of Services	(1,025)
	<i>Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:</i>	
(14,609)	Statutory Adjustments through Statement of Movement in Reserves	(17,813)
291	Transfer to/from Other Statutory Reserves	553
151	Increase/(Decrease) in Inventories	(58)
2,311	Increase/(Decrease) in Debtors	(2,044)
(13,181)	(Increase)/Decrease in Creditors and Provisions	3,312
(5,509)	Other Revenue Adjustments	(4,593)
(30,546)		(20,643)
	<i>Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:</i>	
5,063	Non Cash Capital	12,772
(2,592)	Capital Element of Finance Lease Payments	(4,844)
2,471		7,928
(42,332)	Net Cash Flows from Operating Activities	(13,740)
	<i>The cash flows for Operating Activities include the following items:</i>	
7,269	Interest Paid on Borrowings	7,074
2,592	Interest Paid on Finance Leases	4,844
(292)	Interest Received on Bank Deposits	(241)
9,569	Net Cash Outflow from Servicing of Finance	11,677

40. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

2020-21 £'000		2021-22 £'000
17,491	Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	30,203
3,000	Investments made/(disposed of) during year	20,000
(612)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(815)
(12,139)	Other Receipts from Investing Activities	(17,345)
7,740	Net Cash Outflow from Investing Activities	32,043

Notes to the Financial Statements

41. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

2020-21 £'000		2021-22 £'000
(332)	Cash Receipts of Short and Long Term Borrowing	(10,184)
313	Other Receipts from Financing Activities	1,892
2,592	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	4,844
5,166	Repayments of Short and Long Term Borrowing	1,055
7,739	Net Cash (Inflow)/Outflow from Financing Activities	(2,393)

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

2020-21 Actual £'000		2021-22 Actual £'000
70,624	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	71,280
	Less:	
(15,067)	Other Discounts and Reductions	(14,516)
(1,484)	Write-off of Uncollectable Debts and Allowance for Impairment	(1,358)
54,073	Total	55,406
364	Adjustment to Previous Years' Community Charge and Council Tax	836
54,437	Transfers to General Fund	56,242

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2021-22 was as follows:

Band	Valuation Band	Ratio Band D	£ per year
A	Up to £27,000	6/9	911.82
B	£27,001 - £35,000	7/9	1,063.79
C	£35,001 - £45,000	8/9	1,215.76
D	£45,001 - £58,000	9/9	1,367.73
E	£58,001 - £80,000	473/360	1,797.05
F	£80,001 - £106,000	585/360	2,222.56
G	£106,001 - £212,000	705/360	2,678.47
H	Over £212,000	882/360	3,350.94

2. CALCULATION OF THE COUNCIL TAX BASE 2021-22

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,447	10,038	9,447	6,242	7,659	4,382	2,942	254	48,411
Less - Exemptions / Deductions	956	757	895	472	567	232	148	50	4,077
- Adjustment for Single Chargepayers	894	1,106	799	467	443	218	110	6	4,043
Effective Number of Properties	5,597	8,175	7,753	5,303	6,649	3,932	2,684	198	40,291
Band D Equivalent Factor (ratio)	67%	78%	89%	100%	131%	163%	196%	245%	
Band D Equivalent Number of Properties	3,731	6,358	6,891	5,303	8,736	6,390	5,256	485	43,150
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									499
Nominal Tax Yield									43,649
Less Provision for Non-Collection - 9.400%									4,103
Council Tax Base 2021-22 - Number of Band D equivalents									39,546

Non Domestic Rate Income Account

The Non-Domestic Rate Income Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2020-21 Actual £'000		2021-22 Actual £'000
56,335	Gross rates levied and Contributions in Lieu	55,736
	Less:	
(28,240)	Reliefs and other deductions	(25,366)
-	Payment of Interest	-
(281)	Write-off of Uncollectable Debts and Allowance for Impairment	(304)
27,814	Total Net Non-Domestic Rate Income	30,066
(2,914)	Adjustments for prior years	(4,024)
-	Business Rate Incentivisation Scheme (BRIS) NDR Income Retained	-
(164)	Tax Incremental Finance (TIF) Scheme NDR Income Retained	(336)
24,736	Contribution to National Non-Domestic Rate Pool	25,706
(1,452)	Difference between Distributable and Contributable NDR Income amounts	(636)
23,284	Distribution from Non-Domestic Rate Pool credited to Comprehensive Income and Expenditure Statement	25,070

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

2020-21 £		2021-22 £
9,370,855	Industrial and freight transport subjects	9,355,020
73,835,770	Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	75,263,110
	Commercial subjects:	
13,864,845	Shops	13,964,305
5,869,970	Offices	5,871,270
9,596,600	Hotels, Boarding Houses etc.	9,503,760
1,921,620	Others	1,921,820
114,459,660	Total Rateable Value	115,879,285

2. NON-DOMESTIC RATE CHARGE

2020-21 Pence		2021-22 Pence
49.8p	Rate Per Pound	49.8p
1.3p	Supplementary Rate Per Pound for Properties between £51,000 and £95,000	1.3p
2.6p	Supplementary Rate Per Pound for Properties over £95,000	2.6p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

Group Accounts - Introduction

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

THE GROUP ACCOUNTS

The Group Accounts comprise the following financial statements:

- **Group Statement of Comprehensive Income and Expenditure:** this statement shows the accounting cost in the year of providing the Council’s services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.
- **Group Balance Sheet:** The Balance Sheet is a snapshot of the value at the 31 March 2022 of the assets and liabilities recognised by the Council and its share of the net assets or liabilities of its associates and Common Good funds. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates is matched by its share of the reserves of the associates (i.e. its group reserves).
- **Group Statement of Movement in Reserves:** this statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. The Council’s reserves are analysed into those which are “Usable Reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council’s share of the reserves of Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation). The Council’s Statement of Movement in Reserves gives a more detailed analysis of the movement in the Council’s usable and unusable reserves during 2021-22.
- **Group Cash Flow Statement:** The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its associates Common Good Funds. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

Group Statement of Comprehensive Income and Expenditure

2020-21			Service	2021-22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
25,784	20,003	5,781	Chief Executive and Financial Services	25,714	19,280	6,434
130,969	22,977	107,992	Executive Director - Douglas Hendry	144,439	25,338	119,101
90,630	25,583	65,047	Executive Director - Kirsty Flanagan	105,485	34,846	70,639
147,227	85,655	61,572	Health and Social Care Integration	157,712	88,394	69,318
11,433	3,591	7,842	Other Non-Departmental Costs	13,354	2,887	10,467
1,981	5,010	(3,029)	Associates and Joint Ventures Accounted for on an Equity Basis	2,124	9,390	(7,266)
408,024	162,819	245,205	Net Cost of Services	448,828	180,135	268,693
		6,286	Other Operating Income and Expenditure: Net (Gain)/loss on Disposal of Fixed Assets			(103)
		1,381	Other Operating Income and Expenditure			1,836
		7,667	Total Other Operating Income and Expenditure			1,733
		16,211	Financing and Investment Income and Expenditure: Interest Payable and Similar charges			15,993
		(955)	Interest and Investment Income			(805)
		1,888	Net Pension Interest Expense			1,864
		17,144	Total Financing and Investment Income and Expenditure			17,052
		(197,110)	Taxation and Non-Specific Grant Income: General Government Grants			(191,432)
		(13,495)	Government Capital Grants and Other Capital Contributions			(21,700)
		(23,448)	Non-domestic Rates Redistribution and Retained Non-domestic Rates (TIF & BRIS)			(25,406)
		(54,437)	Council Tax Income			(56,242)
		(288,490)	Total Taxation and Non-Specific Grant Income			(294,780)
		(18,474)	(Surplus)/Deficit on Provision of Services			(7,302)
		(9,030)	(Surplus)/Deficit on revaluation of Fixed Assets			(11,143)
		7,009	Other Post Employment Benefits (Pensions)			(113,865)
		(591)	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds			(2,092)
		(2,612)	Other Comprehensive Income and Expenditure			(127,100)
		(21,086)	Total Comprehensive Income and Expenditure			(134,402)

Group Balance Sheet



31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment		
376,141		- Other Land and Buildings	384,930	
9,945		- Vehicles, Plant, Furniture and Equipment	11,798	
222,947		- Infrastructure Assets	230,478	
10,848		- Community Assets	12,267	
1,637		- Surplus Assets	1,408	
25,599		- Assets Under Construction	35,344	
	647,117	Total Property Plant & Equipment		676,225
	2,086	Heritage Assets		2,099
	572	Intangible Assets		604
	2,435	Investment Property		2,428
	6,028	Long-Term Debtors		5,792
	20,946	Long-Term Investments		3,699
	-	Other Long-Term Debtors (Pensions)		1,084
	3,751	Investment in Associates and Joint Ventures		4,502
	682,935	Total Long Term Assets		696,433
		Current Assets		
908		Inventories	863	
20,541		Short Term Debtors (Net of Impairment)	18,825	
1,865		Assets Held for Sale	1,509	
45,000		Short Term Investments	82,500	
38,011		Cash and Cash Equivalents	22,535	
5,808		Investment in Associates and Joint Ventures	13,162	
	112,133	Total Current Assets		139,394
		Current Liabilities		
(2,874)		Short-term Borrowing	(17,745)	
(45,952)		Short-term Creditors	(42,034)	
(7)		Capital Grant Receipts in Advance	-	
(2,356)		Provisions	(2,231)	
(4,842)		Other Short Term Liabilities	(5,117)	
(367)		Investment in Associates and Joint Ventures	(281)	
	(56,398)	Total Current Liabilities		(67,408)
		Long-term Liabilities		
(167,418)		Borrowing Repayable within a Period in Excess of 12 Months	(161,657)	
(117,432)		Other Long-term liabilities	(112,313)	
(1,980)		Provisions	(2,079)	
(5,000)		Capital Grant Receipts in Advance	-	
(87,703)		Other Long-term liabilities (Pensions)	-	
(1,167)		Liabilities in Associates and Joint Ventures	-	
	(380,700)	Total Long-term Liabilities		(276,049)
	357,970	Total Assets less Liabilities		492,370

Group Balance Sheet



31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
135,392		Unusable Reserves	145,903	
217,237		- Revaluation Reserve	223,147	
(2,524)		- Capital Adjustment Account	(2,198)	
(87,703)		- Financial Instruments Adjustment Account	1,084	
(7,206)		- Pensions Reserve	(6,928)	
	255,196	- Accumulated Absences Account		361,008
		Usable Reserves		
4,406		- Capital Funds	4,414	
2,134		- Repairs and Renewals Funds	2,682	
78,245		- General Fund Balance	96,530	
	84,785			103,626
	9,861	Group Reserves		19,438
	8,128	Common Good Reserves		8,298
	357,970	Total Reserves		492,370

The Unaudited Annual Accounts were issued on 30 June 2022.

Kirsty Flanagan
Section 95 Officer

Group Statement of Movement in Reserves



Movements in 2021-22	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Live Argyll Reserves Usable	Total Live Argyll Reserves Unusable	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council					
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves							
	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2021	(78,245)	(2,134)	(4,406)	(84,785)	(260,585)	(345,370)	(8,024)	(1,836)	5,389	(8,129)	(357,970)
(Surplus)/Deficit on Provision of Services	(1,025)	-	-	(1,025)	-	(1,025)	(7,266)	1,159	-	(170)	(7,302)
Other Comprehensive Income and Expenditure	-	-	-	-	(121,791)	(121,791)	(2,092)	(3,217)	-	-	(127,100)
Total Comprehensive Income and Expenditure	(1,025)	-	-	(1,025)	(121,791)	(122,816)	(9,358)	(2,058)	-	(170)	(134,402)
Total Statutory Adjustments (See Page 53 to 54)	(17,813)	-	(815)	(18,628)	18,628	-	-	1,839	(1,839)	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(18,838)	-	(815)	(19,653)	(103,163)	(122,816)	(9,358)	(219)	(1,839)	(170)	(134,402)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	553	(548)	807	812	(810)	2	-	-	-	-	2
(Increase)/Decrease in Year	(18,285)	(548)	(8)	(18,841)	(103,973)	(122,814)	(9,358)	(219)	(1,839)	(170)	(134,400)
Balance at 31 March 2022 Carried Forward	(96,530)	(2,682)	(4,414)	(103,626)	(364,558)	(468,184)	(17,382)	(2,055)	3,550	(8,299)	(492,370)

Group Statement of Movement in Reserves

Comparative Movements in 2020-21	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Live Argyll Reserves Usable	Total Live Argyll Reserves Unusable	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council					
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves							
	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2020	(49,670)	(1,843)	(4,379)	(55,892)	(269,579)	(325,471)	(4,405)	(520)	1,216	(7,705)	(336,885)
Surplus/(Deficit) on Provision of Services	(14,257)	-	-	(14,257)	-	(14,257)	(3,029)	(764)	-	(424)	(18,474)
Other Comprehensive Expenditure and Income	-	-	-	-	(5,642)	(5,642)	(591)	3,621	-	-	(2,612)
Total Comprehensive Expenditure and Income	(14,257)	-	-	(14,257)	(5,642)	(19,899)	(3,619)	2,857	-	(424)	(21,085)
Total Statutory Adjustments (See Page 55 to 56)	(14,609)	-	(612)	(15,221)	15,221	-	-	(4,173)	4,173	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(28,866)	-	(612)	(29,478)	9,579	(19,899)	(3,619)	(1,316)	4,173	(424)	(21,085)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	291	(291)	585	585	(585)	-	-	-	-	-	-
(Increase)/Decrease in Year	(28,575)	(291)	(27)	(28,893)	8,994	(19,899)	(3,619)	(1,316)	4,173	(424)	(21,085)
Balance at 31 March 2021 Carried Forward	(78,245)	(2,134)	(4,406)	(84,785)	(260,585)	(345,370)	(8,024)	(1,836)	5,389	(8,129)	(357,970)

Group Cash Flow Statement

2020-21 £'000		Group Note	2021-22 £'000
(18,474)	Net Deficit on the Provision of Services		(7,302)
(28,254)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(24,428)
2,471	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		8,155
(44,257)	Net Cash OutFlow from Operating Activities	9	(23,575)
8,286	Investing Activities	10	41,442
7,741	Financing Activities	11	(2,391)
(28,230)	Net (Increase)/Decrease in Cash and Cash Equivalents		15,476
(9,781)	Cash and Cash Equivalents at the beginning of the Reporting Period		(38,011)
(38,011)	Cash and Cash Equivalents at the end of the Reporting Period		(22,535)

Notes to the Group Financial Statements

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements.

- The Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee financial statements have been prepared under the historic cost convention.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has "significant influence" over their financial and operating policies. The Council has no shares in or ownership of any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards.

Live Argyll is a wholly owned subsidiary of Argyll and Bute Council and is consolidated within the group accounts on a line by line basis.

The accounting period for all entities is 31 March 2022.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish Local Authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 32 participating Scottish Local Authorities. The Council contributed £0.071m towards Scotland Excel in the 2021-22 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

The Council inherited its interest in these entities following the reorganisation of local government in 1996.

Notes to the Group Financial Statements

4. ARGYLL AND BUTE INTEGRATION JOINT BOARD

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between the Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. The Council contributed £62.870 towards the Argyll and Bute Integration Joint Board in the 2021-22 financial year.

The Council and NHS Highland are required to treat the IJB as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates, Joint Ventures, Subsidiaries and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £24.186m. This gives an overall net asset position for the Group of £492.370m.

All associates and subsidiaries have prepared their accounts on a 'going concern' basis. For Strathclyde Partnership for Transport and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a Joint Committee of all Councils in the West of Scotland plus Dumfries and Galloway Council. In association with the related Structure Planning Committees, the Partnership's remit included the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Joint Transport Strategy. The Council contributed £0.409m or 1.14% of the Board's estimated net running costs during 2021-22 and accounted for £5.523m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board

This body comprises the 12 local authorities within the West of Scotland which oversees the operations of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the 12 constituent councils and direct grant funding from the Scottish Government. During 2021-22 the Council contributed £0.206m or 5.04% of the net annual running costs and accounted for £0.232m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Consort House, 12 West George Street, Glasgow G2 1HN.

Live Argyll

Live Argyll was established by Argyll and Bute Council and is limited by guarantee and was fully incorporated and commenced trading on 2 October 2017. The Trust is a charitable company registered in Scotland and provides a wide range of services within the Argyll and Bute area including libraries, leisure facilities, halls, sports development and community centres the assets of which are owned by the Council. During 2021-22 Argyll and Bute Council paid £3.938m in the form of a Management Fee to Live Argyll and reduced the overall net worth of the Group Balance Sheet by £1.495m.

The board is made up of 3 independent board members, 3 Councillors and a Trade Union representative.

Notes to the Group Financial Statements

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at Local Government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2021-22 Argyll and Bute Council contributed £1.47m towards estimated running costs and accounted for £0.032m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and will be available from the Valuation Joint Board's website [www.saa.gov.uk /dab-vjb/](http://www.saa.gov.uk/dab-vjb/) and West Dunbartonshire Council's website <https://www.west-dunbarton.gov.uk/council/performance-and-spending/service-performance/financial-performance/> from 1 July 2022.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:-

2020-21 £'m		2021-22 £'m
	Argyll and Bute Council has a 48.1% share of:	
2.898	Gross Income	2.958
0.213	Net (Surplus)/Deficit	0.244
0.640	Long Term Assets	0.636
0.897	Current Assets	0.994
(0.206)	Liabilities due within one year	(0.065)
-	Liabilities due over one year	-
(2.426)	Pension Liability	(0.507)
(1.095)	Capital and Revenue Reserves	(2.072)

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 49 to 50) for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in note 37 of the Notes to the Financial Statements on pages 116 to 117 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £8.298m.

Notes to the Group Financial Statements

8. GROUP CASH FLOW STATEMENT – OPERATING ACTIVITIES

2020-21 £'000		2021-22 £'000
(18,474)	Net (Surplus)/Deficit on Provision of Services	(7,302)
	<i>Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:</i>	
(14,609)	Statutory Adjustments through Statement of Movement in Reserves	(15,974)
291	Transfer to/from Other Statutory Reserves	553
1,849	Transfer Group Other Comprehensive Income and Expenditure	(5,309)
143	Increase/(Decrease) in Inventories	(45)
2,260	Increase/(Decrease) in Debtors	(2,020)
(13,143)	(Increase)/Decrease in Creditors and Provisions	3,056
(5,045)	Other Revenue Adjustments	(4,689)
(28,254)		(24,428)
	<i>Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:</i>	
5,063	Non Cash Capital	12,999
(2,592)	Capital Element of Finance Lease Payments	(4,844)
2,471		8,155
(44,257)	Net Cash Flows from Operating Activities	(23,575)
	<i>The cash flows for Operating Activities include the following items:</i>	
7,269	Interest Paid on Borrowings	7,074
2,592	Interest Paid on Finance Leases	4,844
(292)	Interest Received on Bank Deposits	(241)
9,569	Net Cash Outflow from Servicing of Finance	11,677

9. GROUP CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020-21 £'000		2021-22 £'000
17,491	Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	30,244
3,000	Investments made/(disposed of) during year	20,000
(612)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(815)
546	Net Receipts from Investment in Associates and Joint Ventures	9,358
(12,139)	Other Receipts from Investing Activities	(17,345)
8,286	Net Cash Outflow from Investing Activities	41,442

Notes to the Group Financial Statements

10. GROUP CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020-21 £'000		2021-22 £'000
(332)	Cash Receipts of Short and Long Term Borrowing	(10,184)
313	Other Receipts from Financing Activities	1,892
2,592	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	4,844
5,168	Repayments of Short and Long Term Borrowing	1,057
-	Other Payments from Financing Activities	-
7,741	Net Cash (Inflow)/Outflow from Financing Activities	(2,391)

Glossary of Terms

Existing Use Value. The market value of a particular Council property, less the difference between the average rental income between public and private sector properties.

Expected Rate of Return on Pension Assets. The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the Scheme.

Fair Value. This is the price at which an asset could be exchanged in an arm's length transaction less any grants receivable towards the purchase or use of the asset.

Financial Asset. A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument. Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another.

Financial Instruments Adjustment Account. This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

Financial Liability. An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS). Financial Reporting Standards are issued by the Accounting Standard Board and define proper accounting practice for a given transaction or event.

Fixed Assets. Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

Gains/losses on settlements and curtailments. The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged or credited to Non Distributed costs in the Comprehensive Income and Expenditure Statement.

General Fund Balance. This contains the net surplus on the provision of Council services combined with any balances from previous years and any contributions to other funds or reserves made during the year.

Group Accounts. The purpose of group accounts is to show the Council's interest in organisations and companies within the Financial Statements. The Council's shares of the assets and liabilities of these other entities are shown in the Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Group Balance Sheet.

Government Grants. Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the Council.

Heritage Assets. Assets which are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations and are held by the Council of the maintenance of heritage.

International Accounting Standards (IAS). International Accounting Standards are issued by the International Accounting Standards Board and define proper accounting practice for a given transaction or event. IAS's take precedence over other accounting standards in the hierarchy of technical accounting standards.

International Public Sector Accounting Standards (IPSAS), a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Impairment. A reduction in the value of fixed or financial asset below the valuation held on the balance sheet.

Infrastructure Assets. Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets. Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions). The expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories. Inventories may comprise the following: goods or other assets purchased for re-sale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances; and finished goods.

Liquid Resources. Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded on the active market.

Glossary of Terms

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

National Non-Domestic Rates Pool. All non-domestic rates collected by Council's are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

Net Book Value. The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

Net Realisable Value. The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.

Non-Current Assets. Non-current assets are not expected to be realised within 12 months and are held to provide future economic benefits to the Council.

Non-operational assets. Are assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration. All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax).

Operating Leases. A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets. All items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions). The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensions Reserve. The Pensions Reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Prior Period Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP). Those partnerships enable the Council to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the building or refurbishment of the assets.

Residual Value. The net realisable value of an asset at the end of its useful life.

Related Party Transactions. A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Renewal and Repairs fund. This contains funds credited at the Council's discretion from the General Fund and is available for use on capital or revenue expenditure on Council assets.

Revaluation Reserve. Records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales.

Service Expenditure Analysis (SEA). An analysis which groups together expenditure on services within headings or divisions as defined in the Service Reporting Code of Practice (SeRCOP).

Specific Government Grants. These are grants received from Central Government in respect of a specific purpose or service.

Unusable Reserves. Those reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences.

Usable Reserve. Those reserves which the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Useful Life. The period over which the Council will derive benefits from the use of a fixed asset.

Trade Union Facility Time Statement 2021-22

This information is published under the Trade Union (Facility Time Publication Requirements) Regulations 2017

Schedule 2 (Regulation 8)

Table 1: Relevant Union Officials

Total number of employees who were relevant union officials during the relevant period.

Number of employees who were relevant union officials during the relevant period		Full time equivalent employee number
Central Function	18	17.4
Education Function	8	7.8

Note: The headcount figure for relevant union officials includes all stewards and school based reps who are elected by their peers to provide first line support for members.

Table 2: Percentage of Time Spent on Facility Time

Number of employees who were relevant union officials employed during the relevant period who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of time	Number of employees	
	Central Function	Education Function
0%	0	5
1% - 50%	17	2
51% - 99%	1	0
100%	0	1

Table 3: Percentage of Pay Bill Spent on Facility Time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	Central Function	Education Function
The total cost of facility time	£119,964	£64,715
The total pay bill	£106,970,507	£52,279,467
The percentage of the total pay bill spent on facility time	0.11%	0.12%

Table 4: Paid Trade Union Activities

Percentage of total paid facility time hours spent by employees who were relevant union officials during the relevant period on paid trade union activities.

	Central Function	Education Function
Time spent on paid trade union activities as percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%	0%

ARGYLL AND BUTE COUNCIL
FINANCIAL SERVICES

COUNCIL
30 JUNE 2022

REVENUE BUDGET MONITORING – FOR THE YEAR 2021-22

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2021-22. The report also summarises the movement in the General Fund balance.
- 1.2 The performance against budget for financial year 2021-22 was an overall underspend, after earmarkings have been accounted for, of £1.630m (0.59%).
- 1.3 After accounting for automatic and proposed earmarked reserve proposals, there is a net underspend of £0.815m in relation to Council services departmental expenditure, a net overspend of £0.432m in relation to central expenditure and a net over recovery of income of £1.247m. Social Work, managed by the Health and Social Care Partnership (HSCP), were underspent by £1.738m and this amount is recognised as a creditor on the balance sheet as money owing to the HSCP by the Council which creates a nil variance on the revenue monitoring.
- 1.4 The General Fund Balance has moved from £78.245m at the end of financial year 2020-21 to £96.530m at the end of 2021-22. The movement represents an increase of £18.285m which largely relates to the timing of Scottish Government funding that was unspent at the end of the year such as COVID funding, unspent grants including ELC 1140 hours and Crown Estates, and Scottish Government Initiatives such as Employability and the expansion of free school meals. It is expected that other Local Authorities will have a similar increase to their General Fund Balance due to the timing of the funding.
- 1.5 There is a separate report that details the earmarked reserves which outlines proposals to earmark a total of £89.433m from the General Fund balance, leaving £7.097m unallocated. Of this £5.256m is required to be held as the General Fund contingency, leaving an unallocated balance of £1.841m.
- 1.6 There have been 7 virements of revenue budget over £0.200m in the period January to March 2022 for approval.

REVENUE BUDGET MONITORING – FOR THE YEAR 2021-22

2. INTRODUCTION

- 2.1 This report summarises the revenue budget position of the Council as at the end of the financial year 2021-22. The overall revenue budget monitoring statement for the Council is attached as Appendix 1 and departmental outturn summaries are attached as Appendix 2.

3. RECOMMENDATIONS

- 3.1 Members to consider the revenue budget monitoring position as at the end of financial year 2021-22.
- 3.2 Members to note that the unallocated balance within the General Fund as at 31 March 2022, after taking into account the contingency, amounts to £1.841m.
- 3.3 Members to approve the revenue virements over £0.200m between January and March 2022.

4. DETAIL**4.1 Final Outturn Variance (Un-audited)**

- 4.1.1 The performance against budget for the financial year 2021-22 was an overall underspend of £1.630m (0.59%). A summary of the final outturn position is noted within the table below.

Final Outturn Variance (Un-audited)				
2021/22				
Department	Actuals	Budget	Variance	Percentage
			(Overspend) Underspend	
	£	£	£	%
Chief Executive's Unit	5,308,081	5,326,199	18,118	0.34%
Executive Director (Douglas Hendry)	115,159,967	115,382,507	222,539	0.19%
Executive Director (Kirsty Flanagan)	49,122,963	49,697,141	574,178	1.16%
Total Departmental Expenditure	169,591,011	170,405,846	814,835	0.48%
Joint Boards	1,490,458	1,496,371	5,913	0.40%
Loans Charges	9,382,472	9,382,472	(0)	0.00%
Pension Costs	1,797,571	1,745,323	(52,248)	(2.99%)
Other	9,663,887	9,278,808	(385,078)	(4.15%)
Total Central Expenditure	22,334,387	21,902,974	(431,413)	(1.97%)
Social Work	62,870,734	62,870,734	(0)	0.00%
Total Social Work Expenditure	62,870,734	62,870,734	(0)	0.00%
Total Expenditure	254,796,133	255,179,554	383,422	0.15%
Total Funding	278,706,348	277,459,487	1,246,861	0.45%
UNDERSPEND			1,630,282	

4.2 Council Departmental Budget Outturn

- 4.2.1 The performance against budget shows departmental controllable expenditure being £0.815m (0.48%) under budget. Included in this outturn position is an adjustment to update the 2021-22 budget to reflect £15.054m of new earmarkings at the year-end.
- 4.2.2 Within the Chief Executive's Unit (Community Planning and Finance) there was a small underspend which was largely due to a reduction in travel costs as a result of COVID-19 restrictions and new ways of working.
- 4.2.3 Within the remit of Executive Director Douglas Hendry (Education, Legal and Regulatory Support and Commercial Services), the main underspends were due to an over recovery of vacancy savings, reduced catering in schools due to less demand as a result of COVID-19, reduced running costs within Early Learning and Childcare and an underspend in NPDO and Hub Schools arising from insurance savings and the settlement of historic disputed cost reductions. The main overspends related to external residential placements within Education. Overall there was a net favourable position.
- 4.2.4 Within the remit of Executive Director Kirsty Flanagan (Roads and Infrastructure, Development and Economic Growth and Customer Support Services), the main underspends were due to the over recovery of vacancy savings, additional income within Environmental Health, one-off income in

Housing and additional planning fee income. The main overspends were due to the under recovery of building warrant fees and transportation project costs.

4.3 Central Budget Outturn

4.3.1 The performance against budget for central/non-departmental expenditure was a net overspend of £0.432m (1.97%). Included in this outturn position is an adjustment to update the 2021-22 budget to reflect the new year-end earmarkings which total £4.837m. The main reasons for the overspend is within Insurance costs which were overspent by £0.339m and pension related costs not covered from either the provision or earmarking £0.052m.

4.3.2 The overall favourable position for Departmental and Central Expenditure Budgets has provided the opportunity to propose earmarking of unspent budget for specific purposes and these are included in the 'Earmarked Reserves – 2021-22 Year End' report on this agenda. Unspent budget earmarkings will only be considered when the purpose is aligned to the objectives, priorities and targets of the Council, there is a business case to justify the expenditure and the general reserve contingency is met. The detail of the proposed unspent budget earmarkings and their associated business cases can be found in the Earmarked Reserves report.

4.4 Social Work Outturn

4.4.1 Social Work Services, managed by the HSCP, were underspent by £1.738m (2.76%) after repaying all outstanding amounts owing to the Council from previous years' overspends. Under CIPFA LASAAC Guidance, this amount has been recognised as a creditor on the Council's balance sheet making the funds available to Social Work to spend in future years.

4.4.2 The underspend of £1.738m before recognising the creditor, was as a result of unspent Scottish Government Grants of £1.056m with the balance of £0.682m coming from underspends within Older People and across Children's services

4.5 Funding Budget Outturn

4.5.1 The performance against budget for funding was a net underspend/over-recovery of income of £1.247m. Included in this outturn position is an adjustment to update the 2021-22 budget to reflect the new automatic earmarking at the year-end, these new earmarkings total £2.389m and relate to the Strategic Housing Fund and TIF income.

4.5.2 There is a year-end favourable position in relation to Council Tax of £1.246m where recovery was assisted by circa £0.450m of Low Income Pandemic Payments (LIPP) credited directly to Council Tax accounts therefore improving collection rates.

4.6 COVID Impact

- 4.6.1 There remains a large amount of COVID funding not utilised at year end and there is a total of £9.407m of COVID earmarkings at 31 March 2022. This has reduced from the £13.469m balance at the start of the year as a result of:
- Spend against COVID earmarkings £5.003m
 - Agreed allocations from COVID funding to capital pressures resulting from the economic effect of COVID £9.433m
 - New general COVID funding of £7.562m
 - New specific COVID funding earmarkings of £2.812m
- 4.6.2 The Council meeting on 24 February 2022 agreed specific uses for the previously uncommitted amounts of COVID funding. These are now recognised within Appendix 5 of the Earmarked Reserves report for future monitoring purposes.

4.7 Impact on the General Fund

- 4.7.1 The movement in the General Fund balance is different to the underspend, as noted above, as it also reflects earmarked reserve withdrawals and contributions. The General Fund balance at 31 March 2021 was £78.245 and has increased by £18.285 to £96.530 as at 31 March 2022. The movement in the balance is summarised in the table below.

	£m
Balance on General Fund 31 March 2021	78.245
Social Work Repayments	2.759
Revenue Budget 21-22 - Investment in Capital	2.975
Revenue Budget 21-22 - COVID allocation to reserves	7.562
Released earmarked sums to service budgets 2021-22	(18.923)
Contributions to earmarked reserves 2021-22	22.280
Overall budget underspend as above	1.630
Rounding	0.003
Balance on General Fund 31 March 2022	96.530

- 4.7.2 The balance on the General Fund has increased significantly from last year. More information is contained within the earmarking report, however the increase mainly relates to the repayment of debt from the HSCP and the earmarking of unspent Scottish Government Grants, Scottish Government Initiatives and COVID funding.
- 4.7.3 The closing balance on the General Fund as at 31 March 2022 is £96.530m. Of this, £89.433m is earmarked for specific purposes and £5.256m is required to be held as the General Fund contingency, leaving an unallocated balance of £1.841m as shown in the table below.

	£m
Balance on General Fund 31 March 2022	96.530
Earmarked balances at 31 March 2022 (as per Earmarked Reserves report)	(89.433)
Contingency balance (2.0% of net expenditure)	(5.256)
Unallocated balance as at 31 March 2022	1.841

- 4.7.4 The £1.841m unallocated balance as at 31 March 2022 represents an increase of £0.516m on the £1.325m unallocated balance as at 31 March 2021.
- 4.7.5 Although the unallocated balance at 31 March 2022 is £1.841m the Council at its meeting on 24 February agreed that the budgeted revenue surplus of £2.482m would be transferred into the general fund. This will bring the unallocated General Fund balance up to £4.323m in 2022-23.
- 4.7.6 The Council continue to have robust financial management arrangements and it is vital that these continue to be in place, particularly as the Council are facing financial challenges around the recovery and how services may need to be adapted as a result of the COVID pandemic.

4.8 VIREMENTS OVER £0.200M (REVENUE)

- 4.8.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that require approval. Capital virements are included within the capital monitoring report.
- 4.8.2 For the period January to March 2022, there are 7 virements over £0.200m requiring authorisation:
- £0.375m taken from the COVID funding allocation at the centre and £0.194m taken from Executive Director Douglas Hendry to fund COVID costs within Executive Director Kirsty Flanagan £0.569m
 - £2.559m from Social Work to Funding, representing a full repayment of outstanding debt
 - £0.230m into the Loans Fund from Executive Director Douglas Hendry £0.216m and Social Work £0.014m to recognise Energy Efficiency Savings
 - £0.355m from the Loans Fund to Executive Director Kirsty Flanagan recognising the 5% increase in piers and harbours fees to fund borrowing
 - £0.545m into the Repairs and Renewals fund for replacement of capital items for schools from Education revenue budget
 - £0.220m budget harvested within Social Work against the vacancy savings target for the period March
 - £0.240m adjustment within Executive Director Douglas Hendry to adjust prepared meals budgets between Education and Commercial Services.

5. CONCLUSION

- 5.1 The performance against budget for financial year 2021-22 was an overall underspend of £1.630m (0.59%). The General Fund balance has increased by £18.285m which mainly relates to the repayment of debt from the HSCP and the earmarking of unspent Scottish Government Grants, Scottish Government Initiatives and COVID funding.

6. IMPLICATIONS

- | | | |
|-------|----------------------|---|
| 6.1 | Policy | Automatic earmarking as per the policy have been taken into consideration with the final reported outturn position. |
| 6.2 | Financial | Report notes the underspend against budget during 2021-22 and the movement in the 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 | Climate Change | None |
| 6.7 | Risk | None |
| 6.8 | Customer Services | None |

Kirsty Flanagan
Section 95 Officer
6 June 2022

Councillor Gary Mulvaney, Policy Lead for Finance and Commercial Services

APPENDICES

- Appendix 1 – Overall Revenue Budget Monitoring Statement 2021-22
 Appendix 2 – Department 2021-22 Outturn Summaries.

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

	Actual 2021/22	Budget 2021/22	Adjustment for Funds Earmarked in General Fund Reserve														Adjusted Budget 2021/22	"Real Variance" (Over)/undersp end	Comment	
			Income from council tax on 2nd homes	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous Council Decision	Existing Legal Commitments	Scottish Government Initiatives	Piers and Harbours Surplus	Fleet - Timing Delay	COVID-19 Specific Funding	Hermitage Park	NEW Unspent Budget Previously agreed	NEW Unspent Budget Proposals				
Expenditure	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		
Chief Executive's Unit	5,308,081	7,321,234		888,592	36,393			650					843,310			226,090	5,326,199	18,118	Outwith reporting criteria	
Executive Director (Douglas Hendry)	115,159,967	122,796,043		3,592,825	12,720			1,599,933	188,127			1,190,560			166,000	160,025	115,382,507	222,539	The underspend is mainly due to an over-recovery of vacancy savings, reduced catering costs in schools due to reduced demand due to COVID, reduced running costs in ELC settings due to a combination of services not being operational in 21/22 and reduced grants to ELC providers, increased income from cross-boundary placements in Education and an underspend in NPDO/Hub Schools arising from insurance savings and the settlement of historic disputed cost reductions. These are partially offset by an overspend on external residential placements in Education.	
Executive Director (Kirsty Flanagan)	49,122,963	55,342,845		2,394,817		87,290		55,150				953,618	672,586		622,000	4,327	855,916	49,697,141	574,178	The underspend is mainly due to over-recovery of vacancy savings within the department, additional income in Environmental Health from Private Water Supply Appraisals and Fish Export Income, one-off income in Housing and additional Planning Fee income. This is partially offset with various overspends within the department, mainly the under-recovery of Building Warrant Fee income and additional Transportation project costs.
Total Departmental Expenditure	169,591,011	185,460,121	0	6,876,234	49,113	87,290	1,599,933	243,927	0	2,144,178	672,586	0	1,968,656	4,327	166,000	1,242,031	170,405,846	814,835		
Joint Boards	1,490,458	1,496,371															1,496,371	5,913	Outwith reporting criteria	
Loans Fund	9,382,472	13,624,339															9,382,472	(0)	Outwith reporting criteria	
Redundancy Costs	1,797,571	1,745,323															1,745,323	(52,248)	Strain on the fund costs not covered from either the provision or earmarking	
Other	9,663,887	9,873,990	0	0	0	0	0	0	0	0	0	0	47,182	0	483,000	65,000	9,278,808	(385,078)	Overspend in insurance costs of £0.339m	
Total Central Expenditure	22,334,387	26,740,023	0	0	0	0	0	0	0	0	0	0	392,292	47,182	0	4,332,575	65,000	21,902,974	(431,413)	
Social Work	62,870,734	62,870,734															62,870,734	(0)	As at 31 March 2022, following repayment of all outstanding debt to the Council, social work underspent by £1.738m. A large proportion of this (£1.056m) related to underspent funding streams from the Scottish Government that would be eligible for automatic carry forward in normal circumstances and the balance of £0.682m was mainly due to underspends within Older People and across Children's services. The total underspend of £1.738m has been transferred to LB reserves for use in future years resulting in the final balanced budget position for 2021/22.	
Total Social Work Expenditure	62,870,734	62,870,734	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62,870,734	(0)		
Total Expenditure	254,796,133	275,070,878	0	6,876,234	49,113	87,290	1,599,933	243,927	0	2,144,178	672,586	392,292	2,015,838	4,327	4,498,575	1,307,031	255,179,554	383,422		
Funding																				
AEF & NDR Income	216,837,441	216,584,644						252,256									216,836,900	541	Outwith reporting criteria	
Council Tax	56,241,673	52,859,000	2,136,353														54,995,353	1,246,320	Over-recovery of Council tax income assisted by circa £0.450m of LIPP payments credited directly to Council Tax accounts.	
Budgeted/withdrawn from Earmarked Reserves	18,922,888	18,922,888															18,922,888	0	Outwith reporting criteria	
Budgeted Contribution to General Fund Balance	(13,295,654)	(13,295,654)															(13,295,654)	0	Outwith reporting criteria	
Total Funding	278,706,348	275,070,878	2,136,353	0	0	0	0	252,256	0	0	0	0	0	0	0	0	277,459,487	1,246,861		
Under/(Overspend)	23,910,215	0	2,136,353	6,876,234	49,113	87,290	1,599,933	496,183	0	2,144,178	672,586	392,292	2,015,838	4,327	4,498,575	1,307,031	22,279,933	1,630,282		

REPORTING CRITERIA - +/- £50k OR +/- 10%

Department	Service	Actual 2021/22	Budget 2021/22	Funds carried forward to 2022/23														Adjusted Budget 2020/21	(Over)/ Underspend	Variance %age	Comment	
				Income from council tax on 2nd homes	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous Council Decision	Existing Legal Commitments	Scottish Government Initiatives	Piers and Harbours Surplus	Fleet - Timing Delay	COVID-19 Specific Funding	Heritage Park	NEW Unspent Budget Previously agreed	NEW Unspent Budget Proposals					
Expenditure		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Chief Executive's Unit	Chief Executive	800,674	899,950			36,393			650						30,047		17,090	815,770	15,095	1.85%	Outwith reporting criteria	
Chief Executive's Unit	Head of Financial Services	4,507,406	6,421,284		888,592										813,263		209,000	4,510,429	3,023	0.07%	Outwith reporting criteria	
Chief Executive's Unit Total		5,308,081	7,321,234	0	888,592	36,393	0	0	650	0	0	0	0	0	843,310	0	226,090	5,326,199	18,118	0.34%		
Executive Director (Douglas Hendry)	Executive Director (Douglas Hendry)	325,421	395,356														395,356	69,936	17.69%	This underspend is due to the combination of an over-recovery of vacancy savings; an underspend on subscriptions and an underspend on a COVID PPE budget which is offset by COVID expenditure elsewhere within the Directorate.		
Executive Director (Douglas Hendry)	Head of Commercial Services	8,713,059	9,160,484						188,127		20,220						87,000	8,865,137	152,077	1.72%	There a number of over and underspends across the service. The most significant underspend is within Catering Services due to the impact of COVID on demand for school meals which resulted in a reduced spend on catering purchases.	
Executive Director (Douglas Hendry)	Head of Education	87,581,413	94,185,902		3,568,192	12,720		1,599,933			1,170,340				373,346			87,461,371	(120,042)	-0.14%	The most significant overspends are due to an increased demand for Residential Placements and an under-recovery of schoolhouse rental income. These are partially offset by an underspend in Early Years resulting from savings from ELC settings which were not operational in 2021/22; an underspend in ELC third sector grants and an increase in income from cross-boundary placements.	
Executive Director (Douglas Hendry)	Head of Legal and Regulatory Support	18,540,074	19,054,301		24,633										130,000	166,000	73,025	18,660,643	120,568	0.65%	There a number of over and underspends across the service. The most significant underspend is within NPDO/Hub Schools and is due to an insurance saving and a settlement received for historic disputed deductions. This is partially offset by an overspend on the election costs.	
Executive Director (Douglas Hendry) Total		115,159,967	122,796,043	0	3,592,825	12,720	0	1,599,933	188,127	0	1,190,560	0	0	0	503,346	166,000	160,025	115,382,507	222,539	0.19%		
Executive Director (Kirsty Flanagan)	Executive Director (Kirsty Flanagan)	288,458	700,777															700,777	412,319	58.84%	Underspend due to over-recovery of vacancy savings within the department	
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	7,549,782	8,059,332		64,000										72,000		406,455	7,516,877	(32,905)	-0.44%	Outwith Reporting Criteria	
Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	9,680,867	13,898,239		2,280,804	87,290		55,150		953,618					550,000		50,461	9,920,916	240,049	2.42%	Underspend due to additional income in Environmental Health from Private Water Supply Appraisals and Fish Export Income, one-off income in Housing and additional Planning Fee income. This is partially offset with various overspends within the department, mainly the under-recovery of Building Warrant Fee income and additional Transportation project costs.	
Executive Director (Kirsty Flanagan)	Head of Roads and Infrastructure Services	31,603,856	32,684,497		50,013										672,586		4,327	399,000	31,558,571	(45,286)	-0.14%	Outwith Reporting Criteria
Executive Director (Kirsty Flanagan) Total		49,122,963	55,342,845	0	2,394,817	0	87,290	0	55,150	0	953,618	672,586	0	622,000	4,327	0	855,916	49,697,141	574,178	1.16%		
Total Departmental Expenditure		169,591,011	195,460,121	0	6,876,234	49,113	87,290	1,599,933	243,927	0	2,144,178	672,586	0	1,968,656	4,327	166,000	1,242,031	170,405,846	814,835	0.48%		
Social Work	Chief Officer Integration	(333,064)	(512,447)															(512,447)	(179,383)	35.01%	The overspend is due to both the remaining outstanding debt repayment to Council (£703k) and the proposed transfer of underspend to general reserve (£592k) being shown at Chief Officer for reporting purposes. These budget movements are funded by underspends across the other service areas. There has also been an overspend on the central repairs budget of £57k and other small overspends across payments to other bodies. This is partially offset by the over-recovery of charges to clients (£330k) and funding received for the slippage on budget savings (£1.098m). Both the charges to clients and budget savings over-recoveries are as a result of Scottish Government funding to offset income loss and unachieved budget savings elsewhere in the service as a result of COVID-19.	
Social Work	Head of Adult Services	48,735,656	48,708,873															48,708,873	(26,782)	-0.06%	Outwith Reporting Criteria	
Social Work	Head of Children and Families and Community Justice	14,043,432	14,236,782															14,236,782	193,350	1.36%	Underspend due to reduced demand for Fostering, Adoption, Children's Respite and services for Children with a Disability combined with underspends in Justice - mainly on staff costs. This is all partially offset by overspends due to demand on Residential Placements.	
Social Work	Head of Strategic Planning and Performance	424,711	437,526															437,526	12,815	2.93%	Outwith Reporting Criteria	
Total Social Work Expenditure		62,870,734	62,870,734	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62,870,734	(0)	0.00%		
Total Expenditure		232,461,745	248,330,855	0	6,876,234	49,113	87,290	1,599,933	243,927	0	2,144,178	672,586	0	1,968,656	4,327	166,000	1,242,031	233,276,580	814,835	0.35%		

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ARGYLL AND BUTE COUNCIL

COUNCIL

FINANCIAL SERVICES

30 JUNE 2022

EARMARKED RESERVES – 2021-22 YEAR-END**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund and new balances earmarked at the end of 2021-22 that qualify for automatic carry forward or have been previously agreed. It also presents proposals to earmark 16 new areas of unspent budget which require approval.
- 1.2 The earmarked balance in the General Fund as at 31 March 2021 was £71.888m. Of this £18.923 has been spent during 2021-22 and £0.515m will be transferred back to the General Fund. The remainder is planned to be spent in future years.
- 1.3 There are 16 new unspent budget earmarking proposals from services totalling £1.307m with business cases for approval. These are noted in Appendix 2.1 and the associated business cases are in Appendices 2.1a to 2.1p.

Department	Description	Appendix	£000
Chief Executive's Unit	Four unspent budget proposals	2.1a to 2.1d	226
Executive Director Douglas Hendry	Six unspent budget proposals	2.1e to 2.1j	225
Executive Director Kirsty Flanagan	Six unspent budget proposals	2.1k to 2.1p	856
Total			1,307

- 1.4 There are a further seven unspent budget carry forwards totalling £4.499m that have previously been agreed:
- During 2021-22, an estates team led NDR review resulted in a saving of £0.200m. As part of the 2022-23 budget setting, it was agreed by Council on 24 February 2022 that this sum be accepted to provide a one off operational saving (Reference CS04) for 2022-23.
 - During 2021-22, a settlement on disputed amounts due in respect of the NPDO contract and an insurance review created one off savings totalling £0.166m. As part of the 2022-23 budget setting, it was agreed by Council on 24 February 2022 that this sum be accepted to provide a one off operational saving (Reference LRS01) for 2022-23.
 - At the Council meeting on 27 February 2020, an allocation of £2.856m for Helensburgh Waterfront as part of the Significant Strategic Change Projects allocation was agreed from the Loans Fund Review. This amount is being released to reserves to be utilised in 2022-23.
 - At the Council meeting on 27 February 2020, an allocation of £0.574m for Capital Programme Intolerable Red Risks was agreed from the Loans Fund Review. This amount is being released to reserves to be utilised in 2022-23.

- As part of the 2022-23 budget setting, it was agreed by Council on 24 February 2022 that saving of £0.500m be made from the Loans Fund with at least £0.200m to come from underspends in 2021-22 (reference FS01). The amount of available underspend against the Loans Fund is £0.385m so this amount is being carried forward with the balance to be found in 2022-23 year.
- An underspend of £0.283m on utility costs is being carried forward to contribute towards the expected adverse impact on the 2022-23 budget of utility costs inflation. The intention to earmark any underspend for this purpose was noted in the Budget Pack presented to Council on 24 February 2022.
- Earmarking of £0.034m for investment income relating to the Asset Management Fund. When the Fund was set up, it was agreed that the income should be added to it annually and this amount relates to the income for 2021-22.

- 1.5 There are new balances totalling £16.474m that qualify for automatic carry forward at the end of 2021-22. These include £2.812m of COVID funding , £6.080m of unspent grants including 1140 hours and Crown Estates, £2.144m relating to Scottish Government Initiatives such as Employability Income and the expansion of free school meals, £2.136m relating to the Strategic Housing Fund and £1.6m of carry forwards for the schools as part of their Devolved Management of Resources (DMR).
- 1.6 The new earmarked balance as at 31 March 2022 amounts to £89.433m. The most significant elements of this balance relate to Capital Projects £24.722m, Unspent Grant £12.834m, Unspent Budget £10.404m, COVID-19 £9.407m and Strategic Housing Fund £6.590m.
- 1.7 There are historic earmarked reserves in relation to Social Work of £0.054m contained within this report (£0.040m against Unspent Third Party Contributions and £0.014m against Scottish Government Initiatives). For any new reserves, CIPFA LASAAC Guidance dictates that any reserves relating to the HSCP should be held as a creditor on the Balance Sheet as money owed to the HSCP from the Council. It should be noted that as at 31 March 2022, the balance being held on behalf of the HSCP in this manner is £2.148m.

EARMARKED RESERVES - 2021-22 YEAR-END

2. INTRODUCTION

- 2.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund and new balances earmarked at the end of 2021-22 that qualify for automatic carry forward or have been previously agreed. It also presents proposals to earmark 16 new areas of unspent budget which require approval.

3. RECOMMENDATIONS

- 3.1 The Council is asked to:

a) review and approve the revised Policy on Year End Flexibility included as Appendix 1

b) approve the 16 new unspent budget earmarked reserve proposals totalling £1.307m as supported by submitted business cases and note that there are a further 7 unspent budget earmarkings amounting to £4.499m that have been previously approved, as outlined in Appendices 2.1 and 2.2.

c) note the new balances of £16.474m at the end of 2021-22 that qualify for automatic carry-forward as outlined in Appendix 3.

d) note the previously approved unspent budget earmarked reserves of £10.450m and the justification for continuing to earmark these as outlined in Appendix 4.

e) note a total of £56.704m of automatically carried forward balances which are previously earmarked balances in addition to the new amounts earmarked as a result of budget decisions in February 2021 and February 2022 as outlined in Appendix 5.

f) approve an amendment to the funding behind the agreed £2.653m allocation to Roads Reconstruction. A revised amount of £0.887m coming from unallocated COVID funding and the balance of £1.766m coming from the unallocated general fund balance.

g) note that £0.515m of no longer required earmarked balances will be released back into the General Fund.

h) note that £2.148m relating to Social Work reserves is recognised on the Balance Sheet and is outwith the scope of this report

4. DETAIL

4.1 Background

4.1.1 The Council has previously agreed automatic earmarking of the General Fund in respect of the following situations:

- The balances in relation to the Strategic Housing Fund, CHORD and unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools.
- Any unspent grants and unspent contributions from external bodies are earmarked on the basis that the monies would have to be returned/repaid if not used for the purpose intended.
- Any unspent budget that relates to existing policy commitments arising from a previous Council decision or is required to meet an existing legal commitment is earmarked.
- Any unspent funding provided by the Scottish Government to implement new legislation or government initiatives is earmarked. The funding carried forward is used solely for its intended purpose to fund the implementation of new government directions.
- Any savings generated from energy efficiency measures are carried forward in an Energy Efficiency Fund for reinvestment to further reduce the Council's energy costs and carbon emission levels.
- The Piers and Harbours Investment Fund – for additional fees and charges income generated from Piers and Harbours operation the funds will be used to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure.
- Hermitage Park - to meet the costs of the 10 year Management and Maintenance Plan which is a condition of the Heritage Lottery Funding investment into the Park.
- One Council Property – to invest in the Council's property portfolio to ensure it remains fit for purpose
- Fleet Timing Delay – will be used where an order has been committed to be spent from revenue budget but supplier issues prevent delivery within the financial year

4.1.2 Outwith the situations noted above there will be no automatic carry forward of unspent budget. Earmarking of funds in relation to unspent budget and not covered by the criteria above are reported to Members for approval and supported by a business case.

4.2 New Earmarked Reserves

4.2.1 Appendix 2.1 provides detail of the new unspent budget proposals from services at the end of the 2021-22 financial year. These total £1.307m. Members are asked to review these new proposed earmarked balances together with the business cases developed by services which are included as Appendices 2.1a to 2.1p.

4.2.2 Appendix 2.2 provides detail of the new unspent budget proposals that have previously been agreed by Council in relation to commitments to specific areas of spend such as Capital Programme pressures to be funded from the Loans Fund and

savings targets or expected cost pressures funded from one off underspends. These amount to £4.499m.

- 4.2.3 There are new earmarked balances for the 2021-22 financial year which qualify for automatic carry forward in line with the conditions outlined in paragraphs 4.1.1. The new automatic carry forwards amount to £16.474m and are outlined in Appendix 3. These include £2.812m of COVID funding , £6.080m of unspent grants including 1140 hours and Crown Estates, £2.144m relating to Scottish Government Initiatives such as Employability Income and the expansion of free school meals, £2.136m relating to the Strategic Housing Fund and £1.6m of carry forwards for the schools as part of their Devolved Management of Resources (DMR). Note that COVID funding (amounting to £2.812m) is being carried forward under 'Scottish Government Initiatives' but has been allocated its own category of COVID-19 to allow easier reporting.

4.3 Previously Approved Balances

- 4.3.1 Appendix 4 outlines the previously agreed earmarked balances of £10.450m from unspent budget with a note on the plans for use and, in some instances, further justification for why the amounts remain earmarked. An indicative spending profile has been included for each earmarked balance but these may vary as projects progress and require amendment. These balances have been scrutinised by SMT to ensure there are clear spending plans in place and that the purpose of the earmarking is in line with Council priorities.

- 4.3.2 Appendix 5 outlines the £56.704m of carried forward previously approved earmarked balances, in addition to the new amounts earmarked from the unallocated balance as part of the budget at Council on 25 February 2022 and also two additional amounts agreed for 20-21 revenue budget. These are only provided for information as they are balances which qualify for automatic carry forward or have been subject to a previous Council decision.

- 4.3.3 The new earmarking agreed at the Council Budget Meeting on 25 February 2022 is summarised below:

- Climate Change Programme - £0.500m
- Provision for Learning Estate Investment Programme - £1.000m
- Active Travel - £0.500m
- Street Lighting - £0.300m
- Bin Replacement Programme - £0.100m
- Roads Reconstruction Programme - £1.766m*

* Per the budget motion based on estimated COVID underspends the split was £1.488m from unallocated general fund and £1.165m from COVID but the year end position for COVID moved and therefore it is recommended that the difference of £0.278m be added to the general fund allocation.

- 4.3.4 In addition, there are amounts remaining from budget decisions made in relation to the 2021-22 revenue budget. These are recognising amounts of funding from COVID including additional funding received after the budget was agreed and an agreed transfer to the Capital Plan. They are:
- COVID Funding – Balance of Budget Motion - £4.888m
 - COVID Funding – Additional £40m GRG - £0.712m

- COVID Funding – amounts allocated to 21-22 revenue cost pressures that were not required - £1.962m
- Transfer to Capital Plan - £2.975m

4.3.5 Within Appendix 5, the funding sources from COVID are shown but are then reallocated out to the specific agreed areas of spend going into 2022-23 year. These agreed areas of spend originate from budget decisions made on 24 February 2021, amended by P&R decisions during the year and then finalised on 25 February 2022. There is a change to the value against Roads Reconstruction compared to that agreed at the budget meeting, this is because the COVID position moved between the February COVID report and the actual position at year end. The amount available from COVID for Roads Reconstruction is £0.887m. It is recommended the balance of the £2.653m agreed allocation is taken from the unallocated general fund balance (a movement of £0.278m – less coming from COVID and more coming from the general fund).

4.4 Balances released back to the General Fund

- 4.4.1 The funds totalling £0.515m that will be un-earmarked and released back into the General Fund are detailed in the paragraphs that follow.
- 4.4.2 A £0.200m from Investment in Affordable Housing. This earmarked reserve provides cash backed reserves for the loans to registered social landlords and the revised balance of £3.3m reflects the balance on those loans at 31 March 2022.
- 4.4.3 A £0.108m from Purchase of Catering Equipment – the earmarking related to the purchase of additional kitchen equipment to enable the implementation of free school meals. Since the further rollout to P6 and P7 pupils is paused and awaiting government decision in relation to affordability, this earmarking can be released in the meantime.
- 4.4.4 A £0.073m from the Innovation Fund – this funding was delegated to the transformation board, which no longer exists.
- 4.4.5 A £0.050m from Skype for Business for Education – the rollout project is almost complete with only £0.010m estimated spend due in 22-23 so the balance can be released.
- 4.4.6 A £0.041m from Dunoon Business Improvement District – budget is now baselined so the earmarked reserve is not required.
- 4.4.7 A £0.039m from Management of Asbestos – budget is now baselined so the earmarked reserve is not required
- 4.4.8 A £0.004m from Marine Aquaculture – consultancy costs are now fully paid, coming in under initial estimate so the remaining balance is not required.

4.5 General Fund Balance

4.5.1 The General Fund balance at 31 March 2021 was £78.245m. Of this £71.888m was approved by Council to be earmarked for specific purposes. The table at paragraph 4.6 summarises the movement in the earmarked balance to 31 March 2022.

4.5.2 A total of £89.433m is earmarked to be carried forward into 2022-23. The most significant elements of this balance relate to Capital Projects £24.722m, Unspent Grant £12.834m, Unspent Budget £10.404m, COVID-19 £9.407m and Strategic Housing Fund £6.590m.

4.5.3 The earmarked balances will be monitored throughout the financial year and reported to the Policy and Resources Committee.

4.6 Movement in Earmarked Balances

Earmarking Category	Balance at 31 March 2021 £000	Transfers Between Categories £000	New Earmarking from 2021-22 Outturn £000	New Earmarking Agreed by Council during 2021-22 £000	Actual Spend 2021-22 £000	Released back to General Fund £000	Balance Carried Forward to 2022-23 £000
Strategic Housing Fund	7,126	0	2,136	0	(2,672)	0	6,590
Investment in Affordable Housing	3,500	0	0	0	0	(200)	3,300
Capital Projects	7,452	15,378	3,430	4,741	(6,279)	0	24,722
Lochgilphead and Tarbert Regeneration	2,272	0	0	0	(1)	0	2,271
Support for Rural Growth Deal	1,195	0	0	0	(137)	0	1,058
Asset Management Investment	2,573	0	34	0	0	0	2,607
Piers and Harbours Investment Fund	970	0	673	0	0	0	1,643
Scottish Government Initiatives	1,116	0	2,144	0	(119)	0	3,141
Transformation	73	0	0	0	0	(73)	0
CHORD	262	0	87	0	0	0	349
DMR Schools	1,020	0	1,601	0	(639)	0	1,982
Energy Efficiency Fund	218	0	0	0	0	0	218
Existing Legal Commitments	588	0	0	0	(113)	0	475
Unspent Grant	8,393	2	6,080	0	(1,637)	(4)	12,834
Unspent Third Party Contribution	144	(2)	49	0	(25)	0	166
Previous Council Decision - Other	5,664	(3,096)	244	2,400	(828)	(41)	4,343
Redundancy Provision	1,899	0	0	0	(167)	0	1,732
Supporting Organisational Change	499	1,200	0	0	(111)	0	1,588
Spend to Save Route Optimisation Software	100	0	0	0	0	0	100
Timing Delay	107	0	392	0	0	0	499
Hermitage Park	0	0	4	0	0	0	4
COVID-19	13,469	(9,433)	2,812	7,562	(5,003)	0	9,407
Unspent Budget	13,248	(4,049)	2,594	0	(1,192)	(197)	10,404
Totals	71,888	0	22,280	14,703	(18,923)	(515)	89,433

4.7 Health and Social Care Partnership

- 4.7.1 There are historic earmarked reserves in relation to Social Work of £0.054m contained within this report (£0.040m against Unspent Third Party Contributions and £0.014m against Scottish Government Initiatives) and can be found in Appendix 5, references 066 and 067.
- 4.7.2 For any new reserves, CIPFA LASAAC Guidance dictates that any reserves relating to the HSCP should be held as a creditor on the Balance Sheet as money owed to the HSCP from the Council. It should be noted that the balance being held on behalf of the HSCP in this manner is £2.148m.

5. CONCLUSION

- 5.1 A total of £0.515m of earmarked balances will be released back into the General Fund.
- 5.2 Services have submitted their new proposed unspent budget earmarked reserves balances for the 2021-22 year-end for consideration by Members together with business cases to support the requests, these proposals total £1.307m. In addition there is a further £4.499m unspent budget earmarking previously approved in relation to Capital Programme pressures to be funded from the Loans Fund and savings targets or expected cost pressures funded from one off underspends
- 5.3 There are a number of previously approved unspent budget earmarked reserves balances where there are plans to spend in future years and these have been scrutinised by SMT to confirm there is clear justification for these to continue to be earmarked.
- 5.4 There are new balances totalling £16.474m that qualify for automatic carry forward for the Council at the end of 2021-22.

6. IMPLICATIONS

- | | | |
|-------|----------------------|---|
| 6.1 | Policy | Outlines the new proposed unspent budget earmarking to be carried forward as per the updated policy. Also outlines the new balances to be earmarked which qualify for automatic carry forward |
| 6.2 | Financial | Outlines all earmarked balances held within the General Fund |
| 6.3 | Legal | None |
| 6.4 | HR | None |
| 6.5 | Fairer Scotland Duty | None |
| 6.5.1 | Equalities | None |
| 6.5.2 | Socio-Economic Duty | None |
| 6.5.3 | Islands Duty | None |
| 6.6 | Climate Change | None |
| 6.7 | Risk | None |
| 6.8 | Customer Service | None |

Kirsty Flanagan
Executive Director/Section 95 Officer

Councillor Gary Mulvaney – Policy Lead for Finance and Commercial Services

6 June 2022

APPENDICES

- Appendix 1 – Policy on End of Year Flexibility
- Appendix 2.1 – New Unspent Budget Proposals 2021-22 (New Business Cases)
- Appendix 2.1a – Business Case – Communities and Partnership Team
- Appendix 2.1b – Business Case – Gaelic Development
- Appendix 2.1c – Business Case – Financial Systems
- Appendix 2.1d – Business Case – Accounting and Budgeting Team Resilience
- Appendix 2.1e – Business Case – Catering and Cleaning Restructure Costs
- Appendix 2.1f – Business Case – Proposed Demolition of Former Lochgilphead Primary School
- Appendix 2.1g – Business Case – Councillor IT Equipment – for new Council from May 2022
- Appendix 2.1h – Business Case – Transformation Programme Manager
- Appendix 2.1i – Business Case – Debt Counselling & Welfare Rights
- Appendix 2.1j – Business Case – Community Safety Partnership
- Appendix 2.1k – Business Case – Microsoft 365 – Future Licensing
- Appendix 2.1l – Business Case – Security Operations Centre Subscription
- Appendix 2.1m – Business Case – Establishing HR Service Centre
- Appendix 2.1n – Business Case – Island Post
- Appendix 2.1o – Business Case – Waste Strategy
- Appendix 2.1p – Business Case – Kintyre Recycling Redundancy Costs
- Appendix 2.2 – New Unspent Budget Proposals 2021-22 (Previously Agreed)
- Appendix 3 – New Automatic Carry Forward Earmarkings 2021-22
- Appendix 4 – Previously Agreed Earmarked Balances – Unspent Budget
- Appendix 5 – Previously Agreed Earmarked Balances – Automatic Carry Forward

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

FINANCIAL SERVICES POLICY ON END OF YEAR FLEXIBILITY



1. INTRODUCTION

- 1.1 The Local Authority Accounting Panel (LAAP) Bulletin 99 provides guidance to local authorities on the establishment and maintenance of local authority reserves and balances.
- 1.2 When reviewing their medium term financial plans and preparing annual budgets, local authorities should consider the establishment and maintenance of reserves which can be held for three main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the general fund.
- 1.3 Given the tightening financial situation it is essential that the Council gives proper scrutiny to any proposal to earmark balances or carry forward funds. In particular the Council should seek to ensure funding that is carried forward is directed to and supports Council priorities in terms of corporate and service plans.
- 1.4 This note outlines the policy adopted by the Council for the earmarking and carry forward of surplus funds to future years.

2. POLICY

- 2.1 SMT agreed the ten situations where earmarking of the general fund reserve is permitted.
- 2.2 SMT agreed the protocol for use of reserves.

3. DETAIL

- 3.1 The Council hold a general fund reserve. It comprises the following elements:
 - A contingency for any unforeseen events or emergencies. The contingency is reviewed each year as part of the budget process.
 - The Strategic Housing Fund.
 - Balances held to support the following year's budget.
 - Earmarked funds as noted below.

APPENDIX 1**FINANCIAL SERVICES
POLICY ON END OF YEAR FLEXIBILITY**

- 3.2 At the end of each financial year any surplus for the year is added to the general fund reserve. At this time the Council have the opportunity to consider earmarking surplus funds.
- 3.3 There are eleven situations where earmarking of the general fund reserve is permitted.
- Unspent grant. On some occasions a grant is received in one financial year and will not be spent/fully spent until the following financial year. If the grant is not spent on the purpose intended the Council would have to return the unspent grant, therefore, the unspent grant is required to be held in the general fund and earmarked for that purpose next year.
 - Unspent third party contribution. The council may receive a contribution from third parties towards a project/work stream but the project spans more than one financial year. As with grant payments the contribution would have to be repaid if not spent on the purpose it was intended for. In this instance, the unspent contribution is required to be held in the general fund and earmarked for that purpose next year.
 - Unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools. This allows for the carry forward of unspent budget within schools, partly to give flexibility over the school year as opposed to the Council's financial year. Unspent budget is required to be held in the general fund and earmarked for the school next year. This carry forward operates within the agreed scheme of delegation for school budgets.
 - CHORD funding. Any budget allocated to the CHORD programme will be ring fenced and any unspent balance at the year-end will be carried forward to support the overall CHORD programme.
 - Existing Legal Commitments.
 - Scottish Government Initiatives. The council may receive additional funding from the Scottish Government to implement new Government initiatives or legislation. Any unspent funding at year end will be held in the general fund and earmarked for that purpose next year.
 - Energy Efficiency Fund. Any savings generated from energy efficiency measures are to be pooled for reinvestment in additional projects which further reduce the Council's energy costs and carbon emission levels.

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FINANCIAL SERVICES POLICY ON END OF YEAR FLEXIBILITY



- Piers and Harbours Investment Fund. Additional fees and charges income generated from Piers and Harbours operations are to be pooled and used to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure.
 - Hermitage Park. The Hermitage Park regeneration project has a significant investment from the Heritage Lottery Fund (HLF) which has a requirement to have a 10 year Management and Maintenance Plan. This will be partly funded by existing Council revenue budgets but should also be supplemented by any additional income which can be generated from park activities. Part of the HLF conditions are that all income generated by the park should be retained to support the Management and Maintenance Plan and a result of this requirement, any unspent income generated by the park is retained for future years requirements.
 - One Council Property Team. The corporate approach to managing property has been in place since 2018 and historically any surplus above budget will have been absorbed by the Service and ultimately gone to the general fund. Going forward, it is proposed to create a ring-fenced fund for One Council Property to invest in the Council's property portfolio to ensure it remains fit for purpose.
 - Fleet - Timing Delay. In 2020-21 year, there has been a particular problem with orders not being delivered because of manufacturing issues due to the COVID-19 pandemic. A new automatic earmarking category is proposed to allow the value of fleet orders submitted but not delivered due to supplier issues to be automatically earmarked to offset the invoice when the order is received.
- 3.4 Outwith these eleven situations noted above there will be no automatic carry forward of unspent budget. Any surplus arising from unspent budget within departments/services will be pooled and transferred into the general fund reserve.
- 4. PROTOCOL FOR USE OF RESERVES**
- 4.1 There are exceptional circumstances where a proposal to earmark unspent budget may be considered. There is no set timetable for this.
- The Council's level of general reserve contingency must be fully met.

APPENDIX 1

**FINANCIAL SERVICES
POLICY ON END OF YEAR FLEXIBILITY**



- The purpose for the earmarking must be linked to the objectives, priorities and targets as set out in the Council's Corporate Plan, Area Plans and Service Plans.
 - There needs to be a business case that justifies the required expenditure.
 - Consideration of the business case must take account of the future budgetary and financial outlook in order not to place undue financial pressure on the Council in the future.
- 4.2 Any requests to earmark unspent budget based on the criteria above must be submitted to the SMT in the first instance. SMT would assess the proposal and if it considers the proposal worthy of support would submit it to the Council with a recommendation. Proposals not supported by SMT will proceed no further.

**Kirsty Flanagan
Section 95 Officer
2 June 2022**

Ref	Service	Description	New Earmarking	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
CHIEF EXECUTIVE'S UNIT								
001	Community Planning	Communities and Partnership Team	8,855	Unspent Budget	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	0
002	Community Planning	Gaelic Development	8,235	Unspent Budget	To fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan	8,235	0	0
003	Financial Services	Financial Systems	114,000	Unspent Budget	To fund the completion of the implementation of the Oracle Fusion Financial Management System, a software update for cash receipting to ensure card payments can still be taken and the procurement and implementation of a new system to manage the requirements of the IFRS16 Leases accounting standard.	114,000	0	0
004	Financial Services	Accounting and Budgeting Team Resilience	95,000	Unspent Budget	To fund the implementation of a new staffing structure in 2022/23 as agreed at ELT on 12 April 2022. This will provide funding to cover the additional staffing costs in 2022/23 and the training costs over the period 2022/23 to 2026/27	76,000	5,000	14,000
EXECUTIVE DIRECTOR (DOUGLAS HENDRY)								
005	Commercial Services	Catering and Cleaning Restructure Costs	17,000	Unspent Budget	To support the catering and cleaning team restructure	17,000	0	0
006	Commercial Services	Proposed Demolition of Former Lochgilphead Primary School	70,000	Unspent Budget	To be added to existing earmarked reserve to fund the demolition of the former Lochgilphead Primary School. This extra earmarking is required due to additional cost projections	70,000	0	0
007	Legal and Regulatory Support	Councillor IT Equipment	65,000	Unspent Budget	To meet the cost of provision of IT equipment for all new Elected Members as a result of the Local Government Election in May 2022.	65,000	0	0
008	Legal and Regulatory Support	Transformation Programme Manager	30,000	Unspent Budget	To fund the Transformation Programme Manager for further year to facilitate the implementation of the Transformation programme.	0	30,000	0
009	Legal and Regulatory Support	Debt Counselling & Welfare Rights	27,025	Unspent Budget	To meet the cost of a Debt Counselling and Welfare Rights Management System.	27,025	0	0
010	Legal and Regulatory Support	Community Safety Partnership	16,000	Unspent Budget	To earmark the Community Safety Partnership funding received for 2021/22 to be used for Community Safety Partnership purposes.	16,000	0	0
EXECUTIVE DIRECTOR (KIRSTY FLANAGAN)								
011	Customer Support Services	Microsoft 365	300,000	Unspent Budget	To be added to existing earmarked reserves to meet increasing MS365 licensing costs from 2022/23 onwards	166,930	133,070	0
012	Customer Support Services	Security Operations Centre Subscription	76,455	Unspent Budget	There is a requirement to pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from year 4 onwards. There is unallocated funding of £103,545 from the earmarking created at 2020/21 year end for 'Digital Projects', so the earmarking request for 2021/22 year end is the balance of £76,455		16,455	60,000
013	Customer Support Services	Establishing HR Service Centre	30,000	Unspent Budget	To facilitate the implementation of technical efficiency improvements and new processes	18,000	12,000	0
014	Development & Economic Growth	Island Post	50,461	Unspent Budget	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025	50,461	0	0

Ref	Service	Description	New Earmarking	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
015	Roads & Infrastructure	Waste Strategy	363,000	Unspent Budget	To fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste.	225,000	138,000	0
016	Roads & Infrastructure	Kintyre Recycling Redundancy Costs	36,000	Unspent Budget	To fund redundancy costs associated with Kintyre Recycling	36,000	0	0
			1,307,031			898,506	334,525	74,000

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY CHIEF EXECUTIVE****23 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
COMMUNITIES AND PARTNERSHIP TEAM

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £8,855 be earmarked from the revenue budget underspend within Communities and Partnership (Community Planning and Community Development) in 2021-23. There is a spending plan for this earmarking which has occurred through additional income from a secondment.

2.2 Business Case

- 2.2.1 The funds to be earmarked are for specific purposes for use within 2022/23 and the funds are externally sourced – secondment of employee to Scottish Community Development Centre (SCDC).
- 2.2.2 The funds will provide support to the team. This support is much needed as the team has grown for specific purposes aligned to priorities of Building Back Better (Communities), Climate Change and review of the Argyll and Bute Outcome Improvement Plan. These projects will be undertaken over 18 months.

2.3 Expenditure Profile

The sum of £8,855 will be spent from 2022/23 onwards.

CHIEF EXECUTIVE

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY CHIEF EXECUTIVE****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
GAELIC DEVELOPMENT

1. INTRODUCTION

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

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £8,235 be earmarked from the revenue budget underspend within Communities and Partnership (Community Planning and Community Development) in 2021-23 to fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan.

2.2 Business Case

- 2.2.1 The funds to be earmarked are for specific purposes and the funds are externally sourced. Specifically these are:
- Contributions from partner organisations to fund development of a climate change strategy for Argyll and Bute through the Community Planning Partnership.
 - Funds from delivery of a Community Planning shared service, which will be used to support the review of the 10-year Outcome Improvement Plan, due March 2023.
 - Externally awarded funds from Bòrd na Gàidhlig for Gaelic Development Worker and associated action for 2023.

2.3 Expenditure Profile

The sum of £8,235 will be spent from 2022/23 onwards.

CHIEF EXECUTIVE

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY INTERIM HEAD OF FINANCIAL SERVICES****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
FINANCIAL SYSTEMS

1. INTRODUCTION

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

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £0.114m be earmarked from the revenue budget underspend within Financial Services in 2021/22 to fund the following work on three critical Finance line of business systems:

- The completion of the implementation of the Oracle Fusion Financial Management System;
- A software update to the cash receipting system required to ensure that card payments can still be taken from payees; and
- The procurement and implementation of a new system to manage the requirements of the implementation of the IFRS16 Leases accounting standard.

2.2 Business Case

- 2.2.1 The current Oracle E Business Financial Management System will reach the end of its operational life in 2022 and is therefore currently being replaced with a new cloud based financial management system called Oracle Fusion.
- 2.2.2 During the project to implement the new system a number of issues related to the complexity of the new system have arisen which have delayed the go live date by two months and increased the level and duration of the support required from the Council's implementation consultants. In order to complete the implementation and get this business critical system live early in the 2022/23 financial year, additional funding of of £0.081m will be required.
- 2.2.3 The Council's cash receipting system vendor has informed the Council of a change to how its system processes card payments from payees. The change will require the Council to make a change to its system configuration which will cost £0.003m to

implement during 2022/23 in order to ensure that card payments can still be collected.

- 2.2.4 The Council will be required to implement the IFRS16 Leases accounting standard which changes how it accounts for operational leases by no later than 1 April 2024. Scoping work completed to date has identified the essential need to procure an IT solution to manage leases and provide the accounting entries and notes required to produce the Council's annual accounts in line with the new accounting standard. Subsequently, the sum of £0.030m is requested to fund the procurement and implementation of an IFRS16 system during the 2022/23 financial year.

2.3 Expenditure Profile

The sum of £0.114m will be spent during 2022/23.

ANNE BLUE
INTERIM HEAD OF FINANCIAL SERVICES

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY INTERIM HEAD OF FINANCIAL SERVICES****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
ACCOUNTING AND BUDGETING TEAM RESILIENCE

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £0.095m be earmarked from the revenue budget underspend within Financial Services in 2021-22 to fund the impact of measures agreed by the Executive Leadership Team (ELT) on the 12th of April 2022 to strengthen and build a sustainable foundation in the Accounting and Budgeting Team within Financial Services.

2.2 Business Case

- 2.2.1 At its meeting on the 12th of April 2022, the ELT reviewed a paper which highlighted the fragility of the Accounting and Budgeting Team caused by ongoing vacancies and long term sickness absences amongst professional staff.

- 2.2.2 To provide a more sustainable foundation for the Team going forward, informed through workforce planning and succession analysis activity, the ELT agreed the following measures:

- Create a new SLGE11 post within the Finance Team which support Education;
- Regrade one of the SLGE11 posts to a SLGE12 post within the Finance Team which supports DIS; and
- Create a new SLGE9 trainee accountant post to ensure effective succession planning.

- 2.2.3 As the decision was made after the Council had set its budget for 2022/23, the new posts were not included in the annual budget and are therefore having to be funded from reserves for the first year. From 2023/24 onwards, the cost of the new posts will be baselined into the revenue budget.

- 2.2.4 The proposal to earmark £0.095m from the 2021/22 underspend in the service will provide funding to cover the additional staffing costs in 2022/23, as mentioned above, and the training costs over the period 2022/23 to 2026/27.

2.3 Expenditure Profile

It is expected that the funding will be spent across the period 2022/23 to 2026/27 as follows:

2022/23	2023/24	2024/25	2025/26	2026/27	Total
£0.076m	£0.005m	£0.005m	£0.005m	£0.004m	£0.095m

ANNE BLUE
INTERIM HEAD OF FINANCIAL SERVICES

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
CATERING AND CLEANING RESTRUCTURE COSTS

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £17,000 be earmarked from the revenue budget underspend within Commercial Services in 2021-22 to support the catering and cleaning team restructure.

2.2 Business Case

- 2.2.1 As a result of significant changes to the Catering and Cleaning Service since the development of its innovations work in 2016, an updated management structure was required to better reflect the roles and responsibilities undertaken by the team. The proposed structure was approved by the Departmental Team in December 2021, and work commenced to carry out the required new post development work to enable the changes to take place.
- 2.2.2 The Catering and Cleaning team has an underspend in the 2021-22 budget which it intended to use to offset the costs associated with these changes. However, as the new structure will now commence on 1st July 2022, an earmarking is required to cover the start-up costs for training and equipment supporting four new post holders, which is likely to cost £17,000.

2.3 Expenditure Profile

The sum of £17,000 will be spent early in 2022-23 to enable the new structure to operate effectively as soon as post holders are appointed.

DOUGLAS HENDRY
EXECUTIVE DIRECTOR WITH RESPONSIBILITY FOR COMMERCIAL SERVICES

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
PROPOSED DEMOLITION OF FORMER LOCHGILPHEAD PRIMARY SCHOOL

1. INTRODUCTION

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

2. DETAIL
2.1 Initiative/Proposal

2.1.1 It is proposed that an additional £70,000 be earmarked from the revenue budget underspend within Commercial Services in 2021-22 to fund the demolition of the former Lochgilphead Primary School.

2.2 Business Case

2.2.1 In the 2020-21 budget £250,000 was earmarked for the demolition of Lochgilphead Primary School with any remaining funds to be used for early investigations into the proposed demolition of the former Rothesay Academy (subject to the listing being removed).

2.2.2 Following further investigations it has been confirmed that significant asbestos removal works will be required at Lochgilphead Primary School prior to demolition. The cost of this is estimated at around £90,000. In addition the demolition works have been tendered and the anticipated cost is £160,000. Including fees the total cost is estimated to be around £300,000.

2.2.3 Accordingly additional budget is required to complete the demolition and including a contingency (£20,000) it is requested that £320,000 in total is earmarked resulting in a request for an additional £70,000 to be earmarked from the 2021-22 budget.

2.2.4 The former Lochgilphead Primary School was vacated over 10 years ago and has not been used productively since then. The property has understandably deteriorated over this period.

2.2.5 Despite efforts from Planning to promote the former Lochgilphead Primary School and Estates marketing the former Rothesay Academy for sale over a number of

years no serious proposals have been received due to the costs of demolition / conversion.

2.2.6 Both properties have become a source of concern for the Property team, local Police and the council's Insurers in terms of vandalism, anti-social behaviour, maintenance costs and ongoing repairs to keep the properties secure. There is also a danger of youths gaining access and injuring themselves.

2.2.7 The former Rothesay Academy is a listed building and therefore any proposals will be subject to consultation with Historic Environment Scotland to remove or vary the listing to allow the property, or part of, to be demolished. During 2021, Fyne Homes who own the upper part of the former Rothesay Academy, demolished this part of the school which is not listed and this also suggests the council should be considering its part of the school.

2.2.8 Initial assessment of the costs of demolition for Lochgilphead Primary School had suggested the following range (£125-£170k) and the tendered cost is £160k. However the identified asbestos works require additional budget to be provided and accordingly there won't be any surplus funds at present to progress investigations into Rothesay Academy from earmarked funds at this stage.

2.2.9 Therefore the work will require to be phased over more than one financial year subject to ongoing funding being available. There will also be ongoing savings from the demolition based on non-domestic rates for Lochgilphead Primary (£13,562 per year).

2.3 Expenditure Profile

The total expenditure expected of £320,000 will be spent from 2022/23 onwards.

DOUGLAS HENDRY
EXECUTIVE DIRECTOR WITH RESPONSIBILITY FOR COMMERCIAL SERVICES

Tick One Box	For Information	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
COUNCILLOR IT EQUIPMENT – FOR NEW COUNCIL FROM MAY 2022

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 The Council requires to make additional provision to meet the cost of the provision of IT equipment for all new Elected Members as a result of the Local Government Election in May 2022. It is proposed that £65,000 be earmarked from the favourable 2021/22 outturn position to fund this.

The key outcomes for Elected Members and the Council which could be achieved through this project are:

- Facilitate more efficient working and enable meeting attendance from alternative locations.
- Build in resilience.
- Facilitate Elected Members with the carrying out of their duties.

2.2 Business Case

- 2.2.1 The Council requires to provide all Elected Members with the capability of accessing all papers required for Council meetings and provide a means of carrying out their official duties. These meetings may be fully remote; Hybrid i.e. with individual members and officers in the Council chambers, and at specified area council offices for area committees for example, and other attendees accessing remotely; fully on-site where all members attend the Council chamber. Additionally to integrate with the committee management information system provided by Civica Modern.Gov for attendees to access meeting agenda and papers, with indexed agenda, and a subsequent indexed recording to be available.

- 2.2.2 The priority outcome of this project is the ability to deliver all required IT equipment for each Elected Member on their election to the Council in May 2022. Members will require:
- Tablet and accessories
 - Laptop and accessories
 - Mobile phone
- 2.2.3 The identified sum of £65,000 relates to replacement IT equipment, software, warranties and accidental damage cover.
- 2.2.4 The project and business outcomes also align well with the Legal And Regulatory Support Service Improvement Plan, in terms of commitment to improve efficiency and customer service through improved access to Council Meetings.

2.3 Expenditure Profile

The sum of £65,000 will be spent in 2022/23.

**EXECUTIVE DIRECTOR DOUGLAS HENDRY
WITH RESPONSIBILITY FOR LEGAL AND REGULATORY SUPPORT**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
TRANSFORMATION PROGRAMME MANAGER

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 The Council requires to make additional provision to meet the cost of funding the post of Transformation Programme Manager for a further year to facilitate the implementation of the Transformation programme. It is proposed that £30,000 be earmarked from the favourable 2021/22 outturn position to fund this.

2.2 Business Case

- 2.2.1 The Council's Transformation Programme is progressing at pace and is being facilitated by the post of Transformation Programme Manager. It is proposed that this post be extended for a further year to facilitate the implementation of the Transformation programme through the next stages.
- 2.2.2 The Council's transformation agenda is developing and continues to require a Transformation Programme Manager to take leadership and ownership in implementing this piece of work. The Transformation Programme Manager will assist the Executive Director to deliver the Council's transformation agenda by developing, analysing and monitoring initiatives and projects which deliver the vision, values and strategic objectives of the Council. The Transformation Programme Manager supports project leads as required to help develop their proposals in an objective and supportive manner, providing guidance on value for money and business analysis.
- 2.2.3 The funding of this post plus all relevant travel and IT costs for the next year will be £100,000. A balance of £70,259 remains from previous sums earmarked and it is proposed that an additional sum of £30,000 be added to this.

2.3 Expenditure Profile

The sum of £30,000 will be spent during 2023/24.

**EXECUTIVE DIRECTOR DOUGLAS HENDRY
WITH RESPONSIBILITY FOR LEGAL AND REGULATORY SUPPORT**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
DEBT COUNSELLING & WELFARE RIGHTS MANAGEMENT

1. INTRODUCTION

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

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 The Council requires to make additional provision to meet the cost of a Debt Counselling & Welfare Rights Management System. It is proposed that £27,025 be earmarked from the favourable 2021/22 outturn position to fund this.

2.2 Business Case

- 2.2.1 The Council Welfare Rights Team have secured a contract with AdvicePro to supply a fully-managed, secure web-based case management system developed specifically for advice organisations. It captures client personal and socio-economic details and casework information over a wide range of matter this will be utilised by Argyll and Bute Council to facilitate Debt Counselling & Welfare Rights.
- 2.2.2 The identified sum of £27,025 relates to costings for the duration of the contract.
- 2.2.3 The project and business outcomes also align well with the Legal And Regulatory Support Service Improvement Plan, in terms of commitment to improve efficiency and customer service.

2.3 Expenditure Profile

The sum of £27,025 will be spent from 2022/23 onwards.

**EXECUTIVE DIRECTOR DOUGLAS HENDRY
WITH RESPONSIBILITY FOR LEGAL AND REGULATORY SUPPORT**

Tick One Box	For Information	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR DOUGLAS HENDRY****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
COMMUNITY SAFETY PARTNERSHIP

1. INTRODUCTION

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

2. DETAIL
2.1 Initiative/Proposal

2.1.1 The Council requires to make provision for the Community Safety Partnership monies received for 2021/22. It is proposed that £16,000 be earmarked from the favourable 2021/22 outturn position to fund this.

2.2 Business Case

2.2.1 During 20/21 additional funding of £16,000 was received for Community Safety Partnership purposes. Spending plans were delayed due to ongoing covid impacts however it is the intention that these monies will be utilised by Community Safety Partnership in future years.

2.2.2 The identified sum of £16,000 will be required to meet future obligations.

2.3 Expenditure Profile

The sum of £16,000 will be spent from 2022/23 onwards.

**EXECUTIVE DIRECTOR DOUGLAS HENDRY
WITH RESPONSIBILITY FOR LEGAL AND REGULATORY SUPPORT**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
MICROSOFT 365 – FUTURE LICENSING**1. INTRODUCTION**

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

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £300,000 be earmarked from the revenue budget underspend for Software Licences within ICT in 2021/22 and added to existing earmarked reserves to meet increasing MS365 licensing costs from 2022/23 onwards.

2.2 Business Case

- 2.2.1 The ICT Service first reported the need to set aside funds to pay increased costs for Microsoft licences in 2017/18. Since then, ICT have contributed to an earmarking reserve each year as the council prepared to move from an on-premise “owned outright” licence model to a subscription based model using MS365.
- 2.2.2 The project to migrate to MS365 was scheduled to complete during the 2021/22 financial year and the council expected to pay the higher costs starting from 2021/22. Instead, the project was delayed and the higher costs will now be due from 2022/23 onwards. This meant there was an opportunity to add further to the earmarked reserves in 2021/22 and extend the expenditure profile to ensure the Microsoft cost pressure does not impact the council’s revenue budget until 2026/27 – 2 years later than originally predicted.
- 2.2.3 £300,000 can therefore be added to the MS365 earmarked reserve budget and drawn down from 2022/23 onwards.

2.3 Expenditure Profile

The sum of £300,000 will be added to the existing earmarking and will be spent between 2022/23 and 2025/26.

**EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR CUSTOMER SUPPORT SERVICE**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
SECURITY OPERATIONS CENTRE SUBSCRIPTION

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £76,455 be earmarked from the general revenue budget underspend in 2021-22 to pay for an urgent need for a new 24-hour ICT security monitoring service – a Security Operations Centre (SOC) subscription to protect the Council’s line of business IT systems from cyber attacks. It is proposed to add this earmarked amount to an unallocated balance of £103,545 from the Digital Service Transformation earmarking from 2020/21 year end to create the total funding required of £180,000. This will pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from year 4 onwards.

2.2 Business Case

- 2.2.1 The council is operating with a “Heightened Cyber Risk”, currently an increased level due to the war in Ukraine and is repelling a large number of cyber-attacks on a daily basis. Over the last 3 months we’ve seen a fivefold increase in the number of high and critical attempts to breach our Firewall with 79,408 attempts in the last month alone. This is a very dangerous time for local authorities and ICT staff are doing everything possible to protect the council’s systems within existing resources. This level of attack on UK public services is expected to continue for the foreseeable future
- 2.2.2 The ICT service is currently resourced to manage services from 8am until 5pm – Monday to Friday. Following the audit of the SEPA attack in 2020, one of the key recommendations for Scottish public sector bodies was to put in place a 24-hour security monitoring service. A Security Operations Centre (SOC) is a third-party organisation who provide 24x7x365 monitoring of security systems and can alert or respond if they observe something that appears suspicious, or they identify as

malicious. There is an ongoing project fronted by the Digital Office to jointly procure a Security Operations Centre service at the most competitive price possible.

2.2.3

The purpose of this document is to seek approval to commit funding to participate with the Digital Office joint procurement to provide a Security Operations Centre (SOC) and protective monitoring service capable of detecting and responding to cyber threats and attacks on Council assets.

2.2.4

The council has a number of security systems which are not integrated and therefore need to be managed separately. These systems are managed by different teams and the alerts and reports they produce are not visible as a 'single pane of glass'. This means that an alert on one system is not automatically correlated with other systems – something resolved when partnering with a Security Operations Centre.

2.2.5

Under the Scottish Government's Cyber Resilience Strategy for Scotland and the Cyber Action Plan for Scotland the council have a responsibility to do everything within our power to protect the confidentiality, integrity, and availability of data and systems we are responsible for. As part of that responsibility, we should have the ability to identify, protect, detect, respond, and recover from cyber threats. The SOC service will be a major contributing factor to our ability to identify, protect and detect all possible threats.

2.3 Expenditure Profile

The sum of £180,000 will be used to fund a 3-year SOC subscription service as part of the Local Government Digital Office SOC procurement currently underway. The first year's subscription will cost £60,000 and will be due in 2022/23 with further similar commitments due in 2023/24 and 2024/25.

**EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR CUSTOMER SUPPORT SERVICES**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
ESTABLISHING HR SERVICE CENTRE

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £30,000 be earmarked from revenue budget underspend within Customer Support Services in 2021-22 to fund staffing within the HR Service Centre to facilitate the implementation of technical efficiency improvements and new processes.

This underspend is a result of £30,000 budget that was previously allocated for operation of the employee benefits scheme, however the business model of the successful operator (Vivup) allows this scheme to operate without cost to the employer.

2.2 Business Case

- 2.2.1 Detail

- 2.2.2 A major function of the HR Service Centre is to manage the HR process side of the HR/Payroll transition with finance. It has been identified that there is a significant ongoing workload that severely limits staff capacity to setup and develop the new processes required by the changes.

- 2.2.3 To effectively implement the HR Service Centre, it is essential we ensure processes are fully electronic, that we are not double entering data and that the systems support our budgeted staffing.

- 2.2.4 The objective is to develop a service centre model for HR customer service based on and using the same software and telephony as the externally facing Customer Service Centre, utilising bots, chats and maximising effective self-service forms etc. This will reduce avoidable contact and free up professional HR resource to add value to the organisation.

- 2.2.5 Plans are in place for a successful technical model however further staff resource is required support this process. To address this we want to appoint a full-time modern apprentice and 0.5 SLGE8 to free up existing staff to develop and implement new HR Service Centre processes and systems over 18 months.
- 2.2.6 If we do not implement improvements to these processes, we risk not having enough staff budgeted to support existing processes. Also, processes will be more cumbersome for our customers and may impact on the level of service we endeavour to provide.
- 2.2.7 This is also an opportunity to best optimise processes for transfer to our New Payroll /HR Software.
- 2.2.8 The creation of a modern apprentice opportunity also supports the growing our own initiative and opportunities for young people to train and develop within the organisation

2.3 Expenditure Profile

The sum of £30,000 will be spent from 2022/23 onwards. We anticipate this will be spent as follows:

£18,000 22/23

£12,000 23/24

This has been based on employing a full-time Modern Apprentice and 0.5 SLGE8 (with additional funding from staffing budget).

This will be funded by £30,000 underspend in 21/22 employee benefits scheme budget.

**EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR CUSTOMER SUPPORT SERVICES**

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

ISLAND POST

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £50,461 be earmarked from the revenue budget underspend within Development and Economic Growth in 2021-22 to fund a temporary post at LGE11 for 1 year to assist with the National Islands Plan Implementation Route Map 2020 – 2025.

2.2 Business Case

- 2.2.1 As members will be aware Scottish Government (SG) introduced the [Islands \(Scotland\) Act 2018](#) (the 'Act') and the [National Islands Plan](#) (NIP), published in 2019, which identifies 13 strategic objectives for action. In addition the National Islands Plan Implementation route map 2020-25 [National Islands Plan Implementation Route Map 2020 – 2025 \(www.gov.scot\)](#) has also been developed, These documents sets out how Scottish Government, local authorities and other public agencies will work to improve outcomes for our island communities. As a consequence the council has been required to provide additional officer resources to ensure engagement and collaboration with SG and specifically SG Islands team to ensure that we maximise the opportunities for our islands from the NIP and NIP Route map as well as from the associated SG Islands budget that will be available until 2025. It has been challenging to provide the necessary resource from within current officer resources at the level that ensures that we maximise the opportunities for our islands.
- 2.2.2 The proposal is that an officer be recruited for 1 years (2022-2023) to help undertake key areas of work relating to new island legislation. This includes ensuring that we tie in with SG National Islands Plan 2020-25 and associated SG Islands 5 year budget of which 3 years remain. The focus of the post will be to ensure strong representation of the Council on the SG National Islands Plan Delivery Group and to feed into and to work with officers in the SG Islands team and across the council, including the new policy lead for Islands and Business, to represent the key issues as they affect the council and our islands and ensure that we are working with SG to assist in the delivery of the 13 strategic objectives. This would include raising any

issues relating to policy and legislation as they affect our islands either existing or new. In addition the post would also support as necessary the Council representatives on the SG Strategic Islands Group.

- 2.2.3 The post will also focus on maximising funding opportunities for our islands particularly the new bidding process associated with the SG Islands Programme Fund as well as supporting the council and third sector organisations in regard to other funding opportunities including Regeneration Capital Grant Funding, Place Based Funding and also Crown Estate funding where they relate to our Islands and regenerating our Places. It is also proposed the post holder would work closely with SG Island colleagues in regard to the SG Carbon Neutral Islands (CNI) project where it relates to our islands. The post holder will also be tasked in looking for external funding to potentially support the post going forward particularly in light of Islay being identified as a carbon neutral island by the Scottish Government and a need to prepare a suitable plan to ensure that this moves forward.

2.3 Expenditure Profile

The sum of £50,461 will be spent in 2022/23.

**EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR DEVELOPMENT AND ECONOMIC GROWTH**

Tick One Box	For Information	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
WASTE STRATEGY

1. INTRODUCTION

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

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £136,000 be earmarked from the revenue budget underspend within Waste Services in 2021-22 plus a further £227,000 savings from prudential borrowing timing delays giving a total earmarking of £363,000 to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste.

2.2 Business Case

- 2.2.1 The funding from this proposal would be used to fund/part-fund various waste infrastructure projects and site improvements including supporting the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste.

These projects include:

- Capping and Restoration works at Gartbreck Landfill (Islay);
- CA/ disposal site, electrical improvement works (Tiree);
- The replacement of welfare units for staff accommodation/ washing facilities at Glengorm (Mull) and Gott Bay (Tiree);
- Development of Waste Transfer Facilities covering Helensburgh and Lomond.

- 2.2.2 The Capping of Gartbreck involves placing an impermeable cover over landfilled waste when the landfill cell is full. The Cap limits water ingress into the waste mass and therefore limits increased leachate (polluted water) arising from the waste. The cap does not destroy or remove contaminants. Instead, it isolates them.

2.2.3 The re-wiring of Gott Bay Recycling shed. The improvements include all new cabling due to damaged cabling. New lighting including safety lights and safety sockets will be installed.

2.2.4 The welfare units on Tiree and Mull require to be replaced. New units must have suitable accommodation, staff welfare facilities including toilets, washing area, a break out room and drying room for wet clothing.

2.2.5 Work continues with the design of a temporary/ permanent transfer station within the Helensburgh Roads Depot. There is a requirement within the council on-going waste strategy to have waste transfer stations in all areas for the bulking and transfer of material to energy from Waste facilities

2.3 Expenditure Profile

The following table provides details of when the costs are likely to be incurred:

Project	Estimated cost	Cost incurred
Capping & Restoration Gartbreck - Islay	£200,000	2022-2024
CA site electrical works	£35,000	2022/2023
Welfare units – Mull & Tiree	£40,000	2022/2023
Waste Transfer facilities	£88,000	2023-2024

EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR ROADS AND INFRASTRUCTURE SERVICES

Tick One Box	For Information Only	For Decision Only	For Discussion
		x	

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR KIRSTY FLANAGAN****30 JUNE 2022**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
KINTYRE RECYCLING REDUNDANCY COSTS

1. INTRODUCTION

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

2. DETAIL

2.1 Initiative/Proposal

- 2.1.1 It is proposed that £36,000 be earmarked from the revenue budget underspend within Roads and Infrastructure Services in 2021-22 to fund redundancy costs associated with Kintyre Recycling.

2.2 Business Case

- 2.2.1 The Kintyre recycling service was brought in-house from October 2021. Additional budget was awarded in 2021-22 to meet ongoing additional costs of bringing the service in-house along with one-off budget to fund anticipated voluntary redundancy (VR) and TUPE costs of £68,000. This underspend has arisen due to timing delays in the redundancy process which will be concluded during 2022-23.
- 2.2.2 Staff were TUPED across from Kintyre Recycling in September/October 2021. The staff level to operate the recycling service only required 3 permanent staff, plus 1 seasonal and 6 staff were TUPED across. A recruitment exercise commenced to match staff into the new Kintyre recycling posts. This involves a lengthy process and has led to only one voluntary redundancy at present (leaving end of May 2022) with a potential second voluntary redundancy later this year. Second potential VR employee has currently been redeployed to a temporary post.

2.3 Expenditure Profile

The sum of £36,000 will be spent in 2022-23.

EXECUTIVE DIRECTOR KIRSTY FLANAGAN
RESPONSIBILITY FOR ROADS AND INFRASTRUCTURE SERVICES

NEW Unspent Budget Proposals - 2021-22 Year-end
Previously Agreed

Appendix 2.2

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
EXECUTIVE DIRECTOR (DOUGLAS HENDRY)								
001	Legal and Regulatory Services	NDR - One off contribution to 22/23 Budget	200,000	Unspent Budget	To fund one off operational saving CS04 agreed for the 2022/23 budget.	200,000	0	0
002	Legal and Regulatory Services	NPDO Schools Contract	166,000	Unspent Budget	To fund one off operational saving LRS01 agreed for the 2022/23 budget	166,000	0	0
NON DEPARTMENTAL								
003	Non Departmental	Significant Strategic Change Projects	2,856,000	Unspent Budget	Funding gap in capital programme as at 2020-21 Budget Setting, part of Loans Fund Review. 2,856k set aside for Helensburgh Waterfront Development at Business Continuity Committee 25 June 2020.	2,856,000	0	0
004	Non Departmental	Capital Programme Intolerable Red Risks	574,000	Unspent Budget	Funding agreed as part of Loans Fund Review for Intolerable Red Risks. Funding gap in capital programme as at 2020-21 Budget Setting. As per 3.6.1. of Capital Plan Summary Report - 100k Cashless Catering, 424k Red Risk Emerging Business Application Assets (CareFirst, Ebusiness Suite and Resourcelink) and 50k Dalintober Primary School.	574,000	0	0
005	Non Departmental	Loans Fund	385,279	Unspent Budget	At the Council Budget meeting on 24 February 2022, Saving FS01, a Loans Fund Management/Operational saving for 22/23 budget of £0.500m was agreed with at least £0.200m to come from underspends in 21/22. The underspend position for 21/22 is £0.385m and this has to be earmarked to help offset the saving.	385,279	0	0
006	Non Departmental	Utilities	283,000	Unspent Budget	To contribute towards the expected adverse impact on the 2022/23 budget of utility costs inflation as per Budget Pack	283,000	0	0
007	Non Departmental	Asset Management Fund	34,296	Unspent Budget	Investment income relating to the Asset Management Fund. When the Fund was set up, it was agreed that the income should be added to it annually. The amount being earmarked relates to income from 2021-22	0	0	34,296
			4,498,575					

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
CHIEF EXECUTIVE'S UNIT								
001	Community Planning	NHS Highland Contribution Towards the CPP Running Costs	36,393	Unspent Third Party Contribution	Will be deployed as required in the day-to-day running of the Community Planning Partnership's operations.	36,393	0	0
002	Community Planning	COVID-19 - Test and Protect Support	30,047	COVID-19	Funding provided in relation to the Local Self-Isolation Assistance Service.	30,047	0	0
003	Community Planning	Recovered unspent third sector grant funding.	650	Previous Council Decision - Other	To be distributed through the Supporting Communities Fund for communities based projects across Argyll and Bute.	650	0	0
004	Financial Services	LACER Fund	797,720	COVID-19	The Council meeting on 28 April 2022, it was agreed that Local Authority Covid Economic Recovery (LACER) Funding is to be used to distribute Scotland Loves Local cards to CTR recipients. This will take place in June 2022 giving Economic Development time to encourage the Co-op to sign up to accept the cards.	797,720	0	0
005	Financial Services	Housing Benefits Private	594,330	COVID-19	Specific funding allocation for DHP to support tenants financially affected by the COVID-19 outbreak to sustain their tenancies. It is expected there will continue to be pressure on this budget going into 22-23	594,330	0	0
006	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	167,983	COVID-19	Funding to strengthen local authority responses to meet emerging needs and support people in their communities struggling with the restrictions and guidance at all protection levels, particularly those at risk through health and social inequalities; this support could cover the same types of support currently delivered including information and advice, access to food and medicines, and practical and emotional support; and, administration costs to support delivery (e.g. strengthening the National Assistance Helpline) and liaison and co-ordination with 3rd sector. It will be for Local Government to use this funding flexibly for this purpose.	167,983	0	0
007	Financial Services	Pandemic Support Payments (CTR - Admin)	51,968	Unspent Grant	Administration funding associated with Scottish Government schemes to issue monies to CTR recipients. Provide additional staffing to support the recovery from backlog of Council Tax administration caused by Pandemic Support Payment process, further administration duties related to LACER fund and also to support any further Scottish Government funding initiatives that are being considered for 22-23.	51,968	0	0
008	Financial Services	Scottish Welfare Fund Grant	38,904	Unspent Grant	Underspend against the Scottish Welfare Fund grant. There is a statutory duty to use these funds for the purpose of the Scottish Welfare Fund and therefore the funds will be carried forward for this purpose. It is likely there will be pressure on this budget in 22-23 due to the ongoing impact of COVID-19.	38,904	0	0
009	Financial Services	Flexible Food Fund	34,950	COVID-19	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food Fund (ABFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. ABFFF offers financial support and wider confidential professional help to anyone suffering hardship. Working in partnership with the Community Food Forum, Bute Advice Centre and Allenergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund will help support daily living expenses. If the claimant engages with these services, a second payment will be made to contribute to a further months daily living expenses.	34,950	0	0
010	Financial Services	Self Isolated Support Grant	16,000	COVID-19	Unspent admin funding for processing Self isolation Support Grants. Monies will be fully utilised in 2022/2023 to support the further administration of the grant until 31 March 2023.	16,000	0	0
EXECUTIVE DIRECTOR (DOUGLAS HENDRY)								

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
011	Commercial Services	One Council Property	188,127	Previous Council Decision - Other	It was agreed in 2020/21 to retain revenue generated from commercial activity in One Council Property for future investment across the Council's property portfolio to ensure it remains fit for purpose.	188,127	0	0
012	Commercial Services	Free Sanitary Provision Scheme	20,220	Scottish Government Initiatives	To fund the continued implementation of the scheme through increased provision of reusable products, improved provision in rural communities by working in partnership with Education and improving the storage of products in toilets so that they are more readily available.	10,220	10,000	0
013	Education	EDU - Early Learning & Childcare - 1140 Hours Expansion	2,681,093	Unspent Grant	The funds will be utilised to implement the Argyll and Bute Early Years Delivery Plan for 1140 hours which will increase access to affordable Early Learning and Childcare across the Council area.	2,681,093	0	0
014	Education	School carry forwards (DMR)	1,599,933	DMR Schools	To be spent in accordance with DSM regulations.	1,599,933	0	0
015	Education	Pupil Equity Fund Carry Forward	784,359	Unspent Grant	To provide targeted support for children and young people affected by poverty to achieve their full potential. Funding is used over the academic year.	784,359	0	0
016	Education	Expansion of Universal Free School Meals	468,626	Scottish Government Initiatives	To support the continued phased implementation of Universal Free School Meals for Primary children.	468,626	0	0
017	Education	100 Day Promise - Increase Teacher and Pupil Support Assistant Numbers	374,095	Scottish Government Initiatives	Scottish Government initiative to increase the number of teachers and support assistants in schools.	374,095	0	0
018	Education	COVID 19 - Education Recovery - Additional Staff in School and ELC settings	373,346	COVID-19	To employ a variety of school staff to meet the needs of children and young people in their local areas and ensure that levels of teaching and support staff in schools can be maintained in the 2021-22 academic year. Funding will also be used to support the transition from ELC to primary school.	373,346	0	0
019	Education	Additional Support Needs - Additional Support for Learning Project	209,363	Scottish Government Initiatives	Government initiative to support the provision of support staff in schools as part of 'Support for Additional Support for Learning Implementation'. The funding will be used to supplement the ASN Assistants budget in 2022/23.	209,363	0	0
020	Education	Community Mental Health and Wellbeing support to Children and Young People	94,298	Scottish Government Initiatives	Scottish Government/COSLA Initiative to support the work under the Children and Young People's Mental Health and Wellbeing Programme to deliver new and enhanced community based mental health and emotional wellbeing supports and services for children, young people, their families and carers. The Scottish Government has approved this carry-forward of funding into 2022/23.	94,298	0	0
021	Education	Youth Music Initiative	35,852	Unspent Grant	To fund YMI projects across the remainder of the academic year 2021/22.	35,852	0	0

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
022	Education	Scottish Attainment Challenge - Care Experienced CYP Funding	16,651	Unspent Grant	To provide targeted support for care experienced children and young people to achieve their full potential.	16,651	0	0
023	Education	Gaelic Central Specific Grant	16,610	Unspent Grant	Delivery and promotion of Gaelic Education in line with the Education (Scotland) Act 2016, to be utilised through remainder of academic year 2021/22.	16,610	0	0
024	Education	Sanitary Products in Schools	15,298	Scottish Government Initiatives	To continue to develop services supporting the Scottish Government Initiative to offer access to free period products in schools.	5,298	10,000	0
025	Education	Scottish Milk and Healthy Snack Scheme (SMHSS)	13,910	Unspent Grant	The Scottish Milk and Healthy Snack Scheme funds a daily portion of plain fresh cow's milk (or specified alternative) and a healthy snack (fruit or vegetables) for pre-school children spending 2 hours or more in the care of a regulated day care provider and/or childminders that has registered for the Scheme. The unspent grant from 2021/22 will contribute towards the cost of the scheme in 2022/23.	13,910	0	0
026	Education	Bord Na Gaidhlig - Parental/Community Gaelic Upskilling Project	12,720	Unspent Third Party Contribution	This funding is being used for Gaelic Classes and Support being delivered in the academic year 2021/22.	12,720	0	0
027	Education	COVID 19 - Summer Activities	8,660	Scottish Government Initiatives	Funding was to provide activities to improve the wellbeing of children and young people during the 2021 summer holidays. The remaining balance will be added to the 2022/23 funding to support children and young people over the 2022 summer holidays.	8,660	0	0
028	Education	CAST Projects Budget	7,215	Unspent Grant	To fund creative arts projects across the remainder of the academic year 2021/22.	7,215	0	0
029	Education	Armed Forces Covenant Fund - Rhu Primary School	4,972	Unspent Grant	This grant has to be used up by July 2022. it is funding 0.2 FTE Teacher and Art Resources.	4,972	0	0
030	Education	COVID 19 - CO2 Monitors	4,346	Unspent Grant	To continue the work of providing CO2 monitoring in schools and day care settings to mitigate against the risks of airborne transmission of COVID-19.	4,346	0	0
031	Education	Ministry of Defence Grant - support for military children	2,607	Unspent Grant	Providing social and emotional support to pupils who are affected by deployment who may have gaps in their Education as a result of transitions.	2,607	0	0
032	Education	Food for Thought	577	Unspent Grant	Lochgoilhead Primary have orders pending and plans for the remaining balance of the Food for thought Grant. This spend will take place in 2022-23.	577	0	0
033	Legal and Regulatory Services	LACER Funding - Advice Services	130,000	COVID-19	Local Authority COVID Economic Recovery (LACER) Funding for Welfare Rights - ALI Energy, Bute Advice, Citizens Advice	130,000	0	0

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
034	Legal and Regulatory Services	CCTV Maintenance	24,633	Unspent Grant	Maintenance of CCTV systems. Funds transferred from external bodies (Police Scotland) to maintain systems for future years. The remaining balance will be added to the 2022/23 potential funding allocation	24,633	0	0
EXECUTIVE DIRECTOR (KIRSTY FLANAGAN)								
035	Customer Support Services	Self Isolated Support Grant (HR)	72,000	COVID-19	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities, however low infection rates and therefore demand in A&B meant that this was not required in 2021-22. The funding will therefore be used to fund consultancy and development of RPA (robotic process automation) software which will build automation within HR workflows and processes. This will improve efficiency and accuracy.	72,000	0	0
036	Customer Support Services	SDS Income (Skills Development Scotland)	64,000	Unspent Grant	We receive the money from Skills Development Scotland (SDS) to enable us to deliver Foundation and Modern Apprenticeship programmes. The money covers the salaries of the two Tutors we employ and also any materials we require to deliver the programmes.	64,000	0	0
037	Development & Economic Growth	Crown Estates / Coastal Communities Fund	1,634,604	Unspent Grant	2021-22 Crown Estate Funding (Coastal Communities Fund) of £1.635m. Projects approved at 17 February 2022 P&R Committee totalling £1.191M, further report required to allocate remaining £444k.	1,191,000	443,604	0
038	Development & Economic Growth	FWES Employability income	953,618	Scottish Government Initiatives	The Scottish Government NOLB, PESF and YPG funding monies will be utilised to provide employability support, training and Employer Recruitment Incentives to assist residents of Argyll and Bute to move into positive destinations such as sustainable employment, FTE, etc. These monies will be spent in the financial year 22/23.	953,618	0	0
039	Development & Economic Growth	UK Community Renewal Fund	256,338	Unspent Grant	8 projects agreed for Community Renewal Funding in 2021-22, extension given by SG to extend the timeframe for project completions to 30 June 2022 when all money will be spent.	256,338	0	0
040	Development & Economic Growth	LACER Funding (Small Business Development Grant)	200,000	COVID-19	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing improvements and improve efficiency/innovation.	200,000	0	0
041	Development & Economic Growth	LACER Funding (Sector Support Grant)	150,000	COVID-19	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that contribute to the sector as well as benefitting the business, for example: Tourism and hospitality, food and drink or retail. With option to provide additional business support to hard hit areas including Bute and Kintyre where unemployment remains higher than average - support via specialist advice, locally tailored grants to meet local priorities and targeted marketing activity.	150,000	0	0
042	Development & Economic Growth	UK Community Renewal Fund - West Coast UAV Innovation Logistics and Training Hub	125,000	Unspent Grant	Project part of UKCRF allocation to develop an Unmanned Aerial Vehicle Hub in Oban to transport medical supplies to selected islands,	125,000	0	0
043	Development & Economic Growth	UK Levelling Up Fund	125,000	Unspent Grant	Development funding to help prepare UK Levelling Up Fund bids for 2 projects proposed by the Council.	125,000	0	0
044	Development & Economic Growth	Place Based Investment Programme	123,087	Unspent Grant	Projects approved at 12 August 2021 P&R Committee totalling £821k, £123k outstanding at end of 2021-22 is committed and will be spent during 22-23.	123,087	0	0
045	Development & Economic Growth	LACER Funding (New Enterprise Support Grant)	120,000	COVID-19	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish.	120,000	0	0
046	Development & Economic Growth	Rothsay Pavilion	87,290	CHORD	Build up a provision towards future Council commitment to provide up to £150,000 per annum running costs for Rothsay Pavilion.	0	37,850	49,440
047	Development & Economic Growth	Events and Festivals	55,150	Previous Council Decision - Other	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22-23, in order that the application process can commence during 21-22 and that this agreed figure be augmented by any underspend remaining from the 21-22 financial year	55,150	0	0
048	Development & Economic Growth	LACER Funding (Shop Local)	40,000	COVID-19	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2022-23 and 2023-14, buying additional cards and allow the cards to gather momentum and support local businesses.	40,000	0	0

Ref	Service	Description	New Earmarking £	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
049	Development & Economic Growth	Tenant Hardship Fund	30,000	COVID-19	Grant received from Scottish Government to support tenants suffering hardship due to COVID-19. Claims have been made and Housing are in the process of paying these out and all claims will be settled during 2022-23.	30,000	0	0
050	Development & Economic Growth	Rapid Rehousing	16,775	Unspent Grant	Implementing the Rapid re-Housing Plan. This will include, but not exclusively, Rent arrears prevention fund; Decoration project; Flexible Emergency Fund; Mental Health /Addictions Practitioner; Housing First / RRTP training	16,775	0	0
051	Development & Economic Growth	LACER Funding (Gypsy Travellers)	10,000	COVID-19	Local Authority COVID Economic Recovery Fund grant. This funding would pay for MECOPP (Minority Ethnic Carers of People Project) to engage with the Gypsy Travellers community on the important subject of the cost of living increases, fuel poverty and the impact of factors such as their remote rural locations and the facilities available to them for everyday living have on their livelihoods	10,000	0	0
052	Roads & Infrastructure Services	Piers and Harbours	672,586	Piers and Harbours Investment Fund	Funding generated through increased harbour fees and charges in order to generate funds to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure. Under the Harbours Act 1964, section 42, as a statutory harbour undertaker, the Council must prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other Council activities in addition to harbour activities. In essence, any surplus in the Piers and Harbours budget must be reinvested in the marine asset and reflected in accounts.	0	0	672,586
053	Roads & Infrastructure Services	Fleet - Vehicle Replacement	392,292	Fleet - Timing Delay	Timing delay in fleet replacement causing one-off saving which will be used to purchase additional Fleet as required	392,292	0	0
054	Roads & Infrastructure Services	Parking Grant	50,013	Unspent Grant	Grant from Scottish Transport for the assessment of footway parking required under the Transport (Scotland) Act 2019. This will be progressed during 2022-23.	50,013	0	0
055	Roads & Infrastructure Services	Hermitage Park Pavilion	4,327	Hermitage Park	The Hermitage Park regeneration project has a significant investment from the Heritage Lottery Fund (HLF) which has a requirement to have a 10 year Management and Maintenance Plan. This will be partly funded by existing Council revenue budgets but should also be supplemented by any additional income which can be generated from park activities. Part of the HLF conditions are that all income generated by the park should be retained to support the Management and Maintenance Plan and a result of this requirement, any unspent income generated by the park is retained for future years requirements.	4,327	0	0
NON DEPARTMENTAL								
056	Non Departmental	Strategic Housing Fund	2,136,353	Strategic Housing Fund	Strategic Housing Fund. Council tax collected during 2021-22 from the second homes discount on properties. Requires to be earmarked as part of the Strategic Housing Fund balance.	0	0	2,136,353
057	Non Departmental	Oban TIF (Tax Incremental Financing)	252,256	Previous Council Decision	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	252,256	0	0
058	Non Departmental	Unallocated Admin Support Grant / COVID Grant Admin funding	47,182	COVID-19	Funding to support the delivery of the Business Grants to local businesses, partially used during 21/22 but a balance remains to be carried forward and used in future years	47,182	0	0
			16,474,327			13,114,494	501,454	2,858,379

Unspent Budget/Non Automatic Carry Forward Earmarkings
Previously Agreed Amounts

Appendix 4

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds Unearmarked	New Earmarking Agreed by Council During 2021/22	Closing Balance at 31 March 2022	Reason for Carry Forward	Plans for Use	Spending profile		
										Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
		Completed projects during 2021/22	505,345	505,345	0	0	0	Unspent Budget		0	0	0
CHIEF EXECUTIVES UNIT												
001	Financial Services	CIPFA	37,476	4,946			32,530	Unspent Budget	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	32,530	0	0
002	Financial Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595				18,595	Previous Council Decision	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14. This money was allocated to support the Community Learning and Development Team to provide courses to support Universal Credit claimants 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops. The monies were not utilised however it will now be required to top up the Scottish Welfare Fund and DHP monies for 2022/23 as it is likely that given the current cost of living crisis that more people will be in need of support through these funds	0	18,595	0
EXECUTIVE DIRECTOR (DOUGLAS HENDRY)												
003	Commercial Services	Rothesay Pavilion Essential repairs	306,400				306,400	Previous Council Decision	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
004	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	250,000				250,000	Unspent Budget	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing).	250,000	0	0
005	Commercial Services	Estates - NDR Revaluation Appeals	84,688				84,688	Unspent Budget	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which will be imposed from 1st April 2017. It was agreed that £150,000 be earmarked from the favourable 2016-17 outturn position to fund these appeals. The balance of £84,688 is still required as NDR valuation appeals have been lodged but have not been heard yet. We will not know the level of savings, and in turn the corresponding charge to us, until the appeals are concluded which should be later on this year. Ryden are awaiting outcome of further citations which will incur fees.	84,688	0	0
006	Commercial Services	Site Investigation Works	26,313	5,300			21,013	Unspent Budget	For Site Investigation works in relation to Tweeddale Street Car Park, Oban and Oban Airport Business Park to explore commercial opportunities to develop the sites and gain revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations and work commenced in March 2020. This is still ongoing.	21,013	0	0
007	Commercial Services	Purchase of Catering Equipment	108,000		108,000		0	Unspent Budget	The earmarked funds will be used to purchase additional and replacement kitchen equipment in school kitchens across Argyll and Bute to enable implementation of the first phase of free school meals extension to pupils in Primary Schools from August 2021. The rollout to P6 and P7 is paused and awaiting government decision in relation to affordability so the earmarking has been released back to the general fund reserve.	0	0	0

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds Unearmarked	New Earmarking Agreed by Council During 2021/22	Closing Balance at 31 March 2022	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
008	Commercial Services	Management of Asbestos	39,096		39,096		0	Unspent Budget	To fund Asbestos management tasks including management/refurbishment and demolition surveys (e.g HWD existing pool demolition) This amount has been released back to the general fund reserve because budget has been baselined for this purpose	0	0	0
009	Education	Education Transformation Fund	317,656	130,130			187,526	Unspent Budget	At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21 and 21/22, as part of the ongoing transformation work in the Education service, focussing on digital and virtual learning technology and the development of learning clusters. This will continue into 2022/23.	187,526		0
010	Education	Education Learning Estate Condition Surveys	100,000	22,560			77,440	Unspent Budget	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	77,440	0	0
011	Education	Skype for Business for Education / Digital Projects (Skype for Business)	168,325	108,814	49,511		10,000	Unspent Budget	To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively. A balance has been released back to the general fund because the rollout project is almost complete with only £0.01m expected spend in 22/23.	10,000	0	0
012	Legal and Regulatory Services	Education Purchasing Officers	210,000				210,000	Unspent Budget	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	90,000	120,000	0
013	Legal and Regulatory Services	Transformation Agenda QIO	100,000	29,741			70,259	Unspent Budget	Ongoing funding for the QIO post to lead the implementation of the service transformation programme. The QIO will assist the Executive Director to deliver the Council's transformation agenda by developing, analysing and monitoring initiatives and projects which deliver the vision, values and strategic objectives of the Council.	70,259	0	0
EXECUTIVE DIRECTOR (KIRSTY FLANAGAN)												
014	Customer Support Services	Growing our Own and Modern Apprentices	109,150				109,150	Unspent Budget	Funding earmarked to support trainee development and modern apprenticeship opportunities based on priority workforce risk areas. These areas have been identified and proposals developed. £95,790 to be spent in 22/23 and £13,360 to be spent in 23/24 to fund a graduate trainee and 3 apprentices to deliver trainee development and modern apprenticeship opportunities	109,150	0	0
015	Customer Support Services	Learning and Development	36,508				36,508	Unspent Budget	In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in FQ4 20/21.	36,508	0	0
016	Customer Support Services	Business Development Training	29,723	2,122			27,601	Unspent Budget	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	0

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds Unearmarked	New Earmarking Agreed by Council During 2021/22	Closing Balance at 31 March 2022	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
017	Development & Economic Growth	Strategic Events & Festivals	60,614				60,614	Unspent Budget	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22-23, in order that the application process can commence during 21-22 and that this agreed figure be augmented by any underspend remaining from the 20-21 financial year	60,614		0
018	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	539,219	81,775			457,444	Previous Council Decision	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	457,444	0	0
019	Development and Economic Growth	Royal National Mod	60,000	20,000			40,000	Unspent Budget	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20. Grant contract issued. Proposed payment of £20k per annum starting 2020/21 (2023/24 final payment of £20k)	20,000	20,000	0
020	Roads & Infrastructure	Waste Variation Monies	1,492,997				1,492,997	Unspent Budget	This would be used to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste, including the development of landfill cell construction works at Gartbreck.	746,499	746,498	0
021	Roads & Infrastructure	Climate Change	500,000				500,000	Unspent Budget	At the Council meeting on 27 February 20, it was agreed to input £500k budget to mitigate the impacts of weather related damage and climate change with specific emphasis on gully cleaning and drainage improvements. Spend has been delayed due to COVID and the intention is to spend the funds on 2 Gully Motors plus staff over next 2 years. Vehicles are on order and expected to be delivered in early 2022-23.	500,000		0
022	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	507,385	80,099			427,286	Unspent Budget	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26.	89,373	337,913	0
023	Roads & Infrastructure	Green Transport Initiatives	400,000				400,000	Unspent Budget	At the Council meeting on 27 February 20, it was agreed to input £400k in Green transport, investment in footway and cycle path maintenance supporting the healthy wellbeing and green agenda. Spend has been delayed due to COVID and this will be taken forward in 21-22. £260k Footways Reconstruction programme now agreed across the four areas, £140k Ardrishaig North Project.	400,000		0
024	Roads & Infrastructure	Waste Management	265,231	8,478			256,753	Unspent Budget	Will be used towards long term waste management strategy/model, including but not limited to scoping work for the creating of a waste transfer station .	256,753	0	0
025	Roads & Infrastructure	Replacement Signage and Bins	200,000	64,634			135,366	Unspent Budget	To replace street litter bins and key road signage. This would help to reduce future budget pressures for replacements of bins and signs and would also help to enhance the streetscape and general appearance of the area by refreshing the street furniture	135,366	0	0
026	Roads & Infrastructure	Amenity Services introduction of management information system	35,791	7,692			28,099	Unspent Budget	Delay with introduction of amenity time recording system, spend unlikely to be incurred until 2022-23 for handheld devices and software.	28,099	0	0
NON DEPARTMENTAL												
027	Non Departmental	Redundancy Provision	1,898,524	166,698			1,731,826	Unspent Budget	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020. Future redundancies provision.	500,000	500,000	731,826

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds Unearmarked	New Earmarking Agreed by Council During 2021/22	Closing Balance at 31 March 2022	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
028	Non Departmental	Supporting Organisational Change	1,698,750	110,800			1,587,950	Unspent Budget	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020 - Provision to support organisational change (£0.500m) It is proposed to supplement the existing 'Supporting Organisational Change' reserve first established in February 2020 with a further £1.2m to enable the Council to deliver to deliver longer term, more fundamental, service redesign which will require funding to support the identification and delivery of solutions that take account of future requirements and community engagement and deliver longer term revenue and benefits to the Council	500,000	500,000	587,950
029	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000				1,000,000	Unspent Budget	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	1,000,000	0	0
030	Across Services / Chief Executive's Unit	Information Management (Balance of Funding)	209,844				209,844	Unspent Budget	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	209,844	0	0
031	Non Departmental	Digital Projects (General Provision to be allocated)	103,545				103,545	Unspent Budget	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063mand a general provision still to be allocated £0.189m. Further allocation to Hybrid Council Meetings agreed October 2021 (£0.085m). There is a proposal for 2021-22 year end to use the balance of this earmarking towards the Security Operations Centre Subscription unspent budget request - per Appendix 2.1I	103,545	0	0
032	Non Departmental	Spend to Save Route Optimisation Software	100,000				100,000	Unspent Budget	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020 - Spend to save route optimisation (£0.100m).	100,000	0	0
033	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000				92,000	Unspent Budget	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k (delay on spending due to COVID-19), document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	61,000	31,000	0

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034	Non Departmental	Community Resilience Fund	76,447				76,447	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	76,447	0	0
035	Across Services / Customer Support Services	Digital Projects (Digital Customer Engagement Projects)	73,000				73,000	Unspent Budget	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	73,000	0	0
036	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455				63,455	Unspent Budget	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	63,455	0	0
037	Across Services / Development and Economic Growth	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	67,254	9,763			57,491	Unspent Budget	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	57,491	0	0
038	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	85,000	30,000			55,000	Unspent Budget	Per paper agreed at SMT October 2021 - allocation from Digital Projects (General Provision to be allocated). To fund the costs of livestreaming of Council meetings.	30,000	25,000	0
039	Across Services / Education	Digital Projects (Supply Staff Booking System)	35,000				35,000	Unspent Budget	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	35,000	0	0

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds Unearmarked	New Earmarking Agreed by Council During 2021/22	Closing Balance at 31 March 2022	Reason for Carry Forward	Plans for Use	Amount Planned to be Spent in 2022/23	Amount Planned to be Spent in 2023/24	Amount Planned to be Spent from 2024/25 onwards
040	Across Services / Commercial Services	Information Management (Estates Survey Work)	50,090	37,393			12,697	Unspent Budget	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	12,697	0	0
041	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	30,000	18,530			11,470	Unspent Budget	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	11,470	0	0
			12,091,421	1,444,820	196,607	0	10,449,994			6,912,987	2,299,006	1,319,776

Other Earmarked Balances
Previously Agreed Amounts

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
		Completed projects during 2021/22	2,447,698	2,447,698	0	0		0	COVID-19	
		Completed projects during 2021/22	24,870	24,870	0	0		0	Previous Council Decision	
		Completed projects during 2021/22	357,442	357,442	0	0		0	Unspent Grant	
		Completed projects during 2021/22	1,125	1,125	0	0		0	Unspent Third Party Contribution	
CHIEF EXECUTIVES UNIT										
001	Community Planning	NHS Highland Contribution Towards the CPP Running Costs	34,205					34,205	Unspent Third Party Contribution	Will be deployed as required in the day-to-day running of the Community Planning Partnership's operations.
002	Community Planning	COVID-19 - Test and Protect Support	14,000					14,000	COVID-19	Funding provided in relation to the Local Self-Isolation Assistance Service. The Community Planning and Development Team will work with community groups to support their community response and resiliency to Test and Protect and COVID-19 impacts
003	Community Planning	Recovered unspent third sector grant funding.	7,118	4,290				2,828	Previous Council Decision - Other	To be distributed through the Supporting Communities Fund for communities based projects across Argyll and Bute.
004	Financial Services	Flexible Food Fund	475,623					475,623	COVID-19	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food Fund (ABFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. ABFFF offers financial support and wider confidential professional help to anyone suffering hardship. Working in partnership with the Community Food Forum, Bute Advice Centre and Allenergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund will help support daily living expenses. If the claimant engages with these services, a second payment will be made to contribute to a further months daily living expenses. In the period from 10 January 2021 to 30 April 2022 client gain in extra benefits income for families was £1.45 million with 1,090 families had been supported. The project has been extended to 31 March 2023 and this money will be used to support it.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
005	Financial Services	Benefit Admin Grant	202,117	71,663				130,454	Unspent Grant	Grant monies which would have to be repaid if not utilised for intended purpose. Benefit Administration activities in the build up to the migration of Housing Benefit to Universal Credit. These monies are committed to cover ongoing Benefit Administration activities in 22/23 to 23/24 when it is now expected that the full migration of working age Housing Benefit caseload to Universal Credit will be complete. Monies will be used to build resilience including staff overtime, outsourcing of Housing Benefit processing during the transition and cover casual staff for the Universal Credit migration. Monies also set aside for additional works to the value of £39,000 with the recovery of Housing Benefit overpayment debt which has resulted from Covid-19.
006	Financial Services	Scottish Welfare Fund Grant	138,302	49,394				88,908	Unspent Grant	Underspend against the Scottish Welfare Fund grant. There is a statutory duty to use these funds for the purpose of the Scottish Welfare Fund and therefore the funds will be carried forward for this purpose. It is likely there will be pressure on this budget in 22/23 due to the impact of COVID-19 and the cost of living crisis.
007	Financial Services	Housing Benefits Private	79,537					79,537	COVID-19	Specific funding allocation for DHP to support tenants financially affected by the COVID-19 outbreak to sustain their tenancies. It is expected there will continue to be pressure on this budget going into 22-23
008	Financial Services	Test and Protect Extension	9,929					9,929	COVID-19	Funding provided in relation to the Local Self-Isolation Assistance Service. This will be used to support the recruitment of 0.5FTE LGE6 temp post to assist with call volumes in the Scottish Welfare Fund team in 2022/23
EXECUTIVE DIRECTOR (DOUGLAS HENDRY)										
009	Commercial Services	Rothesay Pavilion Charity	750,000					750,000	Previous Council Decision	Agreed at Council meeting February 2020, £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.
010	Commercial Services	Contingent Liability - Capital Project	566,744	113,398				453,346	Existing Legal Commitments	There is a contingent liability in respect of the capital plan. The earmarked amount is an estimate and further drawdowns are expected to be required for fees relative to court proceedings in to 2020-21.
011	Commercial Services	Climate Change Programme				500,000		500,000	Previous Council Decision	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments -£0.500m for Climate Change, building on previous £1.1m investments, including projects within Argyll and Bute's schools.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
012	Commercial Services	Energy Efficiency Fund	218,351					218,351	Energy Efficiency Fund	The Central Energy Efficiency Fund (CEEF) was launched by the Scottish Government in 2004 to support the delivery of energy efficiency and renewable energy measures to reduce carbon emissions in the Scottish Public Sector. The original Council allocation of funding was £286k and there were terms and conditions attached to the funding which included formally reporting to the SG on energy efficient measures implemented from the fund. Part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in order that there was a revolving fund to continually reinvest in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future carbon reducing projects. Maintaining this fund also assists the Council to make progress towards reducing carbon emissions and therefore not only to secure savings in energy costs but also in the cost of Carbon Reduction Scheme Allowances.
013	Commercial Services	One Council Property	180,506					180,506	Previous Council Decision - Other	It was agreed in 2020/21 to retain revenue generated from commercial activity in One Council Property for future investment across the Council's property portfolio to ensure it remains fit for purpose.
014	Commercial Services	Free Sanitary Provision Scheme	27,532					27,532	Scottish Government Initiatives	To fund the continued implementation of the scheme through increased provision of reusable products, improved provision in rural communities by working in partnership with Education and improving the storage of products in toilets so that they are more readily available. In addition, with the onset of Covid-19, work is underway to deliver period products to those who are unable to access them at this time and this work can also be funded from this earmarking
015	Commercial Services	Free School Meals Funding	12,650					12,650	Scottish Government Initiatives	Scottish Government funding for the provision of Free School Meals or meal alternative e.g direct cash payment or food parcel for eligible children and young people.
016	Education	EDU - Early Learning & Childcare - 1140 Hours Expansion	4,805,956	55,107				4,750,849	Unspent Grant	The funds will be utilised to implement the Argyll and Bute Early Years Delivery Plan for 1140 hours which will increase access to affordable Early Learning and Childcare across the Council area.
017	Education	Provision for Learning Estate Investment Programme				1,000,000		1,000,000	Previous Council Decision	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments - £1m to help safeguard and support future learning for Argyll and Bute's Learning Estate Investment programme
018	Education	Logistics Funding - Safe Opening of Schools	1,244,303	303,698				940,605	COVID-19	SG Funding to ensure the safe opening and operation of schools. Includes transport, PPE, Cleaning and expansion of estate.
019	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - £45m Grant - £45m	683,000	194,690				488,310	COVID-19	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family /home learning programmes.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
020	Education	DMR Scheme of Delegation for Schools	1,020,226	638,649				381,577	DMR Schools	To be spent in accordance with DSM regulations.
021	Education	Access to Counsellors in Schools	393,032	28,333				364,699	Scottish Government Initiatives	Government initiative to support delivery of the access to school counselling service, in line with the commitment set out in Programme for Government. The delivery of the service will enable children and young people to be supported with issues affecting their mental health and wellbeing.
022	Education	Additional Support Needs - Additional Support for Learning Project	421,806	87,000				334,806	Scottish Government Initiatives	Government initiative to support the provision of support staff in schools as part of 'Support for Additional Support for Learning Implementation'.
023	Education	Recruitment of Additional Teachers and Support Staff in Schools	1,022,556	885,841				136,715	COVID-19	Fund additional teachers and support staff.
024	Education	Community Mental Health and Wellbeing support to Children and Young People	115,987					115,987	Scottish Government Initiatives	Scottish Government/COSLA Initiative to support the work under the Children and Young People's Mental Health and Wellbeing Programme to deliver new and enhanced community based mental health and emotional wellbeing supports and services for children, young people, their families and carers.
025	Education	EDU - Community Mental Health and Wellbeing Support to Children and Young People - Pandemic Funding	147,551	97,795				49,756	COVID-19	Scottish Government/COSLA Initiative to support the work under the Children and Young People's Mental Health and Wellbeing Programme grant split in 2020-21 with £183,750 of the fund utilised by local collaborative partnerships for supporting children, families and carers through the pandemic. The Scottish Government has agreed for the balance to be spent in 2022/23.
026	Education	GIRFEC	49,310					49,310	Scottish Government Initiatives	To support Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation.
027	Education	ERASMUS French and Spanish Training for Practitioners	41,614					41,614	Unspent Grant	Due to COVID-19 and with restrictions on teachers going abroad to Spain and France for Teacher language training, this grant was extended to the end of May 2022. The project will conclude in 2022/23.
028	Education	Scottish Attainment Challenge - Care Experienced CYP Funding	41,302	2,409				38,893	Unspent Grant	To provide targeted support for care experienced children and young people to achieve their full potential.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
029	Education	Scottish Government Initiatives: Developing the Young Workforce GIRFEC Languages 1+2	41,584	4,106				37,478	Scottish Government Initiatives	Developing the Young Workforce: Developing an Argyll and Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people. Grant received from the Scottish Government for this purpose. GIRFEC: This grant funding is for the specific purpose of supporting Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation. Activity in Argyll and Bute will include developing specific resources, staff training and development, protocols and procedures in line with the GIRFEC practice model and national guidelines. Languages 1+2: Grant provided for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.
030	Education	Languages 1 + 2	28,056	0				28,056	Scottish Government Initiatives	Languages 1+2: Grant provided for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.
031	Education	Schools ADP Grant	19,000					19,000	Unspent Grant	Providing social and emotional support to pupils who are affected by drugs and alcohol.
032	Education	Sanitary Products in Schools	12,040					12,040	Scottish Government Initiatives	Scottish Government Initiative to introduce access to free period products in schools
033	Education	Pupil Equity Fund Carry Forward	480,696	479,104				1,592	Unspent Grant	To provide targeted support for children and young people affected by poverty to achieve their full potential. Funding is used over the academic year.
034	Education	Adult Services - c/f Health and Wellbeing funding	385					385	Unspent Third Party Contribution	English for Speakers of Other Languages (ESOL) funding and HandWB tutor costs.
035	Legal and Regulatory Services	CCTV Maintenance	72,240	34,772				37,468	Unspent Grant	Maintenance of CCTV systems. Funds transferred from external bodies (Police Scotland) to maintain systems for future years. Council Decision of 20 Sept 2007.
036	Legal and Regulatory Services	Community Safety Partnership	21,538					21,538	Existing Legal Commitments	Corporate Initiative with specific funding to deliver a project. To fund reconfiguration of Dunoon CCTV Scheme.
EXECUTIVE DIRECTOR (KIRSTY FLANAGAN)										
037	Customer Support Services	Microsoft Licensing Costs	577,888					577,888	Previous Council Decision - Other	To meet licensing and set-up costs for the Microsoft 365 rollout between 2022/23 and 2026/27.
038	Customer Support Services	Skills Development Scotland	86,936					86,936	Unspent Grant	We receive the money from Skills Development Scotland (SDS) to enable us to deliver Foundation and Modern Apprenticeship programmes. The money covers the salaries of the two Tutors we employ and also any materials we require to deliver the programmes.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
039	Customer Support Services	Self Isolated Support	43,000					43,000	COVID-19	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities, however low infection rates and therefore demand in A&B meant that this was not required in 2020/21. The funding will therefore be used for Recovery related activities including the recruitment of a Temporary Additional Web Developer to implement the improvements identified by customers in the Customer Engagement Consultation and to mainstream the Coronavirus page content back in to Business as usual. Another portion will be used to fund the Digital Receptionist solution as part of safe re-opening of offices.
040	Customer Support Services	Implementation of Gaelic Language Plan	30,000					30,000	Previous Council Decision	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding.
041	Customer Support Services	Bord na Gaidhlig	41,584	24,254				17,330	Unspent Grant	Grant funding from Bord na Gaidhlig. Ongoing spend ad hoc to deliver on commitments in the Gaelic Language Plan. Grant income from GLAIF continues to be added to this total and then paid out to projects.
042	Customer Support Services	Civil Partnerships	6,250					6,250	Unspent Grant	These are monies provided by National Records of Scotland to assist with the implementation and promotion of the new Same Sex Civil Ceremonies offering. Money will be spent on a revised Marriage Guide for customers (Hard Copy and Online Version and on targeted advertising in specialist wedding publications.
043	Customer Support Services	Bord na Ghailig	4,000					4,000	Unspent Grant	Grant funding from Bord na Gaidhlig. Ongoing ad hoc spend to deliver on commitments in the Gaelic Language Plan.
044	Development & Economic Growth	Coastal Communities (Capital)	950,000					950,000	Unspent Grant	2020-21 Crown Estate Funding (Coastal Communities Fund) totalling £1.504m. Expenditure/allocation to projects delayed due to covid, now allocated as per report to P&R on 18 Feb 2021. £950k relates to works within the current capital programme moved from line 075a. Projects include Rothesay Harbour (Pontoons) 191k, Dunoon STEM Hub 100k, Dunoon Cycle Bothy 209k, Tobermory Car Park 400k, Ardrishaig North Project 50k.
045	Development & Economic Growth	Coastal Communities	554,303	205,500				348,803	Unspent Grant	2020-21 Crown Estate Funding (Coastal Communities Fund) totalling £1.504m. Expenditure/allocation to projects delayed due to covid, now allocated as per report to P&R on 18 Feb 2021. £950k relates to works within the current capital programme, moved to line 075b.
046	Development & Economic Growth	Gypsy Traveller Grant	108,726	42,586				66,140	Unspent Grant	To be transferred to ACHA once an expenditure plan approved
047	Development & Economic Growth	EH Covid Posts	41,145					41,145	COVID-19	Funding for 2 posts for 2 years and not recruited until late 20-21

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
048	Development & Economic Growth	Digital Boost	34,894	0				34,894	Unspent Grant	To provide funding for Digital Boost program. Initially was to be used to help fund the programme in 21/22 but additional income was received by the service so earmarkings to be carried forward to 22/23.
049	Development & Economic Growth	Shop Local Campaign	20,230	18,238				1,992	Unspent Grant	Grant received to support a Shop Local campaign.
050	Development & Economic Growth	Marine Aquaculture - part of rural growth deal	15,977	11,953	4,024			0	Unspent Grant	The balance will be used to pay SAMS Enterprise who are progressing the Marine Industry Needs Assessment study and hope to have a draft report available for June. SAMS are in the process of undertaking interviews with a wide range of marine industry stakeholders to identify where lack of infrastructure is prohibiting aquaculture businesses from growing further. Consultancy costs are now fully paid, coming in under initial estimate, so the remaining earmarking is being released back to the general fund.
051	Development and Economic Growth	Helensburgh CARS	327,000					327,000	Previous Council Decision - Other	Conservation Area Regeneration Scheme for Helensburgh. Grants awarded to upgrade conservation areas in Helensburgh such as shop fronts, town centre accommodation and other priority buildings. Business Case not yet approved.
052	Development and Economic Growth	Rothesay Pavilion - Revenue contribution	262,150					262,150	CHORD	Build up a provision towards future Council commitment to provide up to £150,000 per annum running costs for Rothesay Pavilion.
053	Development and Economic Growth	Lochgilphead CARS	200,000					200,000	Previous Council Decision - Other	Conservation Area Regeneration Scheme for Lochgilphead Grants awarded to upgrade conservation areas in Lochgilphead such as shop fronts, town centre accommodation and other priority buildings.
054	Development and Economic Growth	Town Centre Fund	414,187	284,231				129,956	Unspent Grant	This represents the revenue funded projects within the Town centre fund which have yet to be paid out plus the overall contingency amount which was built into the overall scheme.
055	Development and Economic Growth	Dunoon CARS	500,000	400,000				100,000	Previous Council Decision - Other	Conservation Area Regeneration Scheme for Dunoon. Grants awarded to upgrade conservation areas in Dunoon such as shop fronts, town centre accommodation and other priority buildings.
056	Development and Economic Growth	Rothesay THI	200,000	100,000				100,000	Previous Council Decision - Other	Stage 2 submission for the Rothesay Townscape Heritage Initiative project. Budget allocated at 2017-18 budget meeting and allocated to capital, this was then moved out of capital and into earmarked reserves at 2020-21 budget meeting.
057	Development and Economic Growth	Proposed Local Development Plan 2	87,910					87,910	Previous Council Decision - Other	During 19/20, a cost pressure of £68,000 was allocated to deal with the costs associated with the production of Local Development Plan 2. Due to delays this work has only commenced at beginning of 2022-23 where expenditure will be fully utilised.
058	Development and Economic Growth	Kilmartin Museum	400,000	323,793				76,207	Previous Council Decision - Other	Upgrade of Kilmartin Museum, works carried out by Museum with grants awarded upon completion milestones. Budget allocated to capital originally but was moved out of capital and into earmarked reserves at 2020-21 budget meeting.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
059	Development and Economic Growth	Dunoon Business Improvement District	40,700		40,700			0	Previous Council Decision - Other	Contribution from the Council towards the five year business plan for the Dunoon Business Improvement District. There is now budget baselined for this and the earmarking can be released back to the general fund
060	Roads & Infrastructure	Piers and Harbours	970,225					970,225	Piers and Harbours Investment Fund	Funding generated through increased harbour fees and charges in order to generate funds to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure. Under the Harbours Act 1964, section 42, as a statutory harbour undertaker, the Council must prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other Council activities in addition to harbour activities. In essence, any surplus in the Piers and Harbours budget must be reinvested in the marine asset and reflected in accounts.
061	Roads & Infrastructure Services	Active Travel				500,000		500,000	Previous Council Decision	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments. For Active Travel £0.500m for further improvements for footpaths and pavements and supporting safer routes to schools across Argyll and Bute. Requests that officers bring forward a report setting out scheme proposals to the Environment, Development and Infrastructure Committee.
062	Roads & Infrastructure Services	Street Lighting				300,000		300,000	Previous Council Decision	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments. For Street Lighting, £0.300m to deliver a programme of street lighting column replacement and improvement across Argyll and Bute, prioritised based on condition, with funding for at least 260 lighting columns.
063	Roads & Infrastructure	Vehicle Replacement	106,968					106,968	Fleet - Timing Delay	Timing delay in fleet replacement causing one-off saving
064	Roads & Infrastructure Services	Bin Replacement Programme				100,000		100,000	Previous Council Decision	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments - £0.100m in Argyll and Bute's litter bin replacement programme and infrastructure, providing almost 200 new/better bins across the area where required due to condition/need and with a focus on town centres and prominent locations, to support cleaner communities. Requests that officers explore options for use of new and innovative litter disposal solutions for future consideration.
065	Roads & Infrastructure	Mercury Abatement - Crematorium	66,811	23,992				42,819	Unspent Third Party Contribution	Phase 3 of the Cardross Crematorium works includes raised flooring for DDA compliance together with upgrades to fire doors. Works estimate circa £73k. The works include new fire exit doors to meet compliance and the raising of the floor level in the arch opposite the main entrance, the works include ensuring the book of remembrance is readily accessible. Work commenced 2020-21 and property have advised remaining work will be completed in 2022-23.

SOCIAL WORK

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
066	Children and Families	Criminal Justice Transformation Funding	39,890	0	0	0		39,890	Unspent Third Party Contribution	Additional funding from SG to fund redesign work within Criminal Justice. Funds to be pooled with equivalent additional funding received by our CJ Partnership Partners to fund a transformation and development project across the three partner areas.
067	Adult Services	See Hear Funding	13,658	0	0	0		13,658	Scottish Government Initiatives	Funding has been received specifically from the Scottish Government to support activity around implementation of the See Hear recommendations and the identified priorities of individual Sensory Partnerships. No plans for spend in current financial year, funds will be used in the next two years in accordance with the See Hear plan and Argyll and Bute's BSL Local plan.
NON DEPARTMENTAL										
068	Non Departmental	Allocated to Capital Plan	3,044,775			2,975,000		6,019,775	Previous Council Decision - Other	Allocated to capital plan. £8.240m agreed 22 February 2018 and a further £2.408m agreed as a budgeted surplus from the 2018-19 budget. £100k for Dunoon Boxing Club, £124k for Oban Library, £500k for Dunoon CARS, £200k for Rothesay THI, £200k for Lochgilphead CARS. £327k for Helensburgh CARS and £400k for Kilmartin Museum have been moved to separate lines from this overall earmarking. £9225 for 83-85 East Clyde Street Office also moved to separate line (a completed project), leaving balance of 44k. Further £3m agreed by the Council at the budget meeting in February 2021 from unallocated general fund. Further £2.975m transfer to Capital agreed as part of the 21-22 Revenue Budget agreed February 2021
069	Non Departmental	Strategic Housing Fund	7,126,380	2,671,560				4,454,820	Strategic Housing Fund	Accumulation of Council tax collected from the second homes discount on properties is earmarked as part of the Strategic Housing Fund balance.
070	Non Departmental	Investment in Affordable Housing	3,500,000		200,000			3,300,000	Investment in Affordable Housing	Agreed at Council Meeting 11 February 2016. This balance reduces as the Loans to RSL balances are reducing.
071	Non Departmental	Regeneration and Economic sustainability in Lochgilphead and Tarbert.	2,271,883	1,304				2,270,579	Lochgilphead and Tarbert Regeneration	Agreed at Council Meeting 11 February 2016. 2 projects completed; 1 project in the process of completion but currently suspended due to covid-19; 2 currently out to tender but the timeline is affected by covid-19; 1 project nearing completion of the design stage with FBC due for completion & consideration in late 2020. Lochgilphead Front Green Project (Capital) has now commenced with drawdown expected to be £1.648m in 21-22 and £34k in 22-23.
072	Non Departmental	Asset Management Fund	2,081,098					2,081,098	Asset Management Investment	Agreed at Council Meeting 11 February 2016. This fund has been set up to allow the Council to invest monies where relevant to generate a return that will be reinvested within Argyll and Bute. There are potential investment opportunities in Colgrain, Kilmory and Oban Airport being explored
073	Non Departmental	Capital Projects (including Helensburgh waterfront)	7,452,000	5,579,000				1,873,000	Capital Projects	Agreed underwriting at the Council Meeting on 11 February 2016. Will be used to fund capital programme and drawn down during 21-22.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
074	Non Departmental	Roads Reconstruction programme				1,766,117		1,766,117	Capital Projects	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments. For Roads Reconstruction, continuing a multi-million investment programme over the life of this Council by providing additional funding (£2.653 with some committed from COVID funding) to maintain and improve Argyll and Bute's rural, remote, island and urban roads network, to guarantee an overall Roads Reconstruction Budget of £8m for 2022/23
075	Non Departmental	Roads Capital Investment	2,400,000	700,000				1,700,000	Previous Council Decision	Agreed at Council meeting February 2020, a transfer of £264k to Administration priorities to support Roads Capital Investment. This has been built into the capital plan and drawn down in 21-22. The total investment to capital was £2.4m but only the part from the General fund reserve was recognised. The revenue budget allocation of £2.136m recognised at year end 20-21.
076	Non Departmental	Inward investment Fund	832,500	49,485				783,015	Inward Investment Fund	Agreed at Council Meeting 11 February 2016. This fund has been set up to generate economic and population growth within Argyll and Bute. The aim is to encourage business and people to set up and live in Argyll and Bute. The remainder of this fund will be directed towards projects which support the Rural Growth Deal.
077	Non Departmental	Property Capital Investment	500,000					500,000	Previous Council Decision	Agreed Council meeting February 2020 - an allocation from the Revenue Budget to Property Capital. Additional funds available in 21/22 to support shift from fossil fuels to clean energy alternatives across our offices and schools. Project is now underway and expected to complete by June 2022.
078	Non Departmental	Investment in HubCo	491,791					491,791	Asset Management Investment	It was agreed at the Council meeting February 2016 that the investment in HubCo be supported. The earmarking has been updated to show the actual investment costs.
079	Non Departmental	Unallocated Admin Support Grant	374,214	10,111				364,103	COVID-19	Funding to support the delivery of the Business Grants to local businesses, partially used during 20/21 and 21/22 but a balance remains to be carried forward and used in future years
080	Non Departmental	Rural Growth Deal Programme Office	361,733	87,814				273,919	Previous Council Decision	Agreed at Council meeting February 2021. Following the signing of the Heads of Terms Agreement for Argyll and Bute's Rural Growth Deal in February 2021 and, to secure maximum potential from this £70m investment in the region, invests additional funding to drive forward the progression of Argyll and Bute's Deal and to support the Deal's associated programme, business case development and project management. This earmarking includes £151,733 that was sitting under Rural Resettlement fund as at 31 March 22 but was merged into this line going forward
081	Non Departmental	Capital pressure	257,000					257,000	COVID-19	Pressure identified on the 20-21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan
082	Non Departmental	Oban Library Leased Property	25,069					25,069	Previous Council Decision - Other	Capital expenditure on a Leased Property

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
083	Non Departmental	Acquisition of Land at Clyde Street, Helensburgh	22,000					22,000	Previous Council Decision - Other	The balance remaining after the acquisition of land, relating to Helensburgh Waterfront, has now been earmarked to be used for other capital expenditure relating to the Development
084	Non Departmental	Innovation Fund	73,273		73,273			0	Transformation	Agreed at Council Meeting October 2015. Fund has been set up to provide support to internal ideas to generate income or reduce costs through efficiencies/redesign. This funding was delegated to the transformation board, which no longer exists so the remaining balance is being released back to the general fund.
								0		
085	Non Departmental	Unallocated General COVID Funding	1,229,921	388,692		1,961,654	-2,802,883	0	COVID-19	This funding originated from the general COVID allocations provided or passed on by the Scottish Government. The unallocated balance to be held as funding for future COVID purposes. This funding originated from 20-21 carry forwards and 21-22 budget decisions and was fully allocated to specific areas of activity at the budget meeting on 24 February 2022. For ease of reporting, the balance on this line has been allocated out to the areas of spend agreed. This ensures the use of the funding is transparent and easily tracked going forward.
086	Non Departmental	COVID Funding Share of £275m funding received 20-21 - original estimate per 21-22 Budget Motion	4,923,000	576,171			-4,346,829	0	COVID-19	One-off allocation from £275m to support COVID pressures. A decision was taken at the Council meeting on 25 February 21 that this would be earmarked at the end of 2020-21 to be fully used as part of the 2021-22 budget decisions. This funding originated from a 20-21 carry forward and the remaining balance was fully allocated to specific areas of activity at the budget meeting on 24 February 2022. For ease of reporting, the balance on this line has been allocated out to the areas of spend agreed. This ensures the use of the funding is transparent and easily tracked going forward.
087	Non Departmental	COVID Funding Share of £275m funding received 20-21 - additional allocation above estimate used in Budget Motion	476,000	98,000			-378,000	0	COVID-19	Per 112a, a COVID funding allocation of £4.923m formed part of the revenue budget decisions on 25 February 21. When the funding was received, it was greater than estimate by £0.476m. It was agreed to add this to the Recovery and Renewal Fund. This funding originated from a 20-21 carry forward and the remaining balance was fully allocated to specific areas of activity at the budget meeting on 24 February 2022. For ease of reporting, the balance on this line has been allocated out to the areas of spend agreed. This ensures the use of the funding is transparent and easily tracked going forward.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
088	Non Departmental	COVID Funding Balance of Budget Motion -				4,888,000	-4,888,000	0	COVID-19	An additional £4.888m from the 21-22 revenue budget decisions in relation to COVID. Share of 21-22 £259m funding allocation (£4.609m) plus the difference between the Loans Fund Principal Repayment Holiday (£5.400m) less the revenue COVID pressures input (£5.101) less the Festive Parking input into the revenue budget (£0.020m). The balance was fully allocated to specific areas of activity at the budget meeting on 24 February 2022. For ease of reporting, this line has been allocated out to the areas of spend agreed. This ensures the use of the funding is transparent and easily tracked going forward.
089	Non Departmental	COVID Funding Additional £40m GRG				712,000	-712,000	0	COVID-19	An additional £0.712m from additional 21-22 revenue funding, agreed at May Policy and Resources meeting to be added to the Recovery and Renewal Fund. The balance was fully allocated to specific areas of activity at the budget meeting on 24 February 2022. For ease of reporting, this line has been allocated out to the areas of spend agreed. This ensures the use of the funding is transparent and easily tracked going forward.
090	Non Departmental	Capital Cost Pressures					2,000,000	2,000,000	Capital Projects	As agreed at the Council Meeting on 25 February 2021. Allocation of COVID funding to Capital Cost Pressures
091	Across Departments	COVID Cost Pressures Beyond 2021/22					370,000	370,000	COVID-19	As agreed at the Council Meeting on 25 February 2021 (£2.5m) with the value reduced to £0.370m based on more up to date projections at year end 2021-22. Allocation of COVID funding to projected 22/23 Revenue Cost Pressures
092	Non Departmental	Provision for Capital Contract Increases					2,646,000	2,646,000	Capital Projects	As agreed at the Council Meeting on 25 February 2021. Allocation of COVID funding to Capital Cost Increases £2.5m with the amended value of £2.646m agreed at P&R on 14 October 2021.
093	Non Departmental	Recovery and Renewal Fund					1,547,000	1,547,000	COVID-19	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Proposals for use of this fund to be brought forward by officers to the Policy and Resources Committee. To include in the first instance options for maximising Argyll and Bute's potential as a green, connected staycation destination of choice, requesting that officers bring to the Environment, Development and Infrastructure Committee a report on use of external funding sources and other opportunities for improving the electric vehicle charging network.
094	Community Planning	Community Planning - temp post to support communities					55,000	55,000	COVID-19	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.
095	Development and Economic Growth	Economic Development - temp post to support economic recovery					55,000	55,000	COVID-19	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
096	Non Departmental	Levelling up Fund bids per P&R February 22					150,000	150,000	COVID-19	As agreed at Policy & Resources committee on 17 February 2022, an allocation of up to £0.150m to support Levelling Up Fund bids
097	Development and Economic Growth	Staycation Investment per budget pack February 22					100,000	100,000	COVID-19	As agreed at Council on 24 February 2022, Staycation investment £0.100m. Augments the 2021/22 £0.5m staycation initiative with an additional investment of £100k, including support for community groups and partners in the provision of facilities which can support increasing staycation visitor numbers during the 2022/23 season.
098	Non Departmental	CHARTS per budget pack February 22					75,000	75,000	COVID-19	As agreed at Council on 24 February 2022, investment in CHARTS £0.075m. To support the organisation in delivering targeted support, in communities, to the culture, arts and heritage sector as part of its plans to contribute to overall economic recovery.
099	Non Departmental	Further Capital pressures per budget pack February 22					3,900,000	3,900,000	Capital Projects	As agreed at Council on 24 February 2022, a provision for Capital contract increases £3.900m
100	Non Departmental	Roads Reconstruction per budget pack February 22					886,883	886,883	Capital Projects	As agreed at Council on 24 February 2022, Roads Reconstruction programme. The funding is to continue a multi-million pound investment programme over the life of this council by providing an additional £2.653m to maintain and improve Argyll and Bute's rural, remote, island and urban roads network, to guarantee an overall Roads Reconstruction Budget of £8m for 2022/23. The amount noted in the budget pack is £1.165m from COVID but due to movement in estimated covid commitments between the budget pack and year end, the value from COVID is £0.887m with the balance of £1.766m coming from the unallocated general fund.
101	Development and Economic Growth	Staycation and Marketing Argyll and Bute					592,013	592,013	COVID-19	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey.
102	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund					250,000	250,000	COVID-19	As agreed at the Council Meeting on 25 February 2021. Establishes the Tackling Digital Exclusion Top Up Fund to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. While vouchers are available from the UK and Scottish Governments in some cases these do not cover the full cost of infrastructure builds.
103	Legal and Regulatory Services	Welfare Rights Support					172,000	172,000	COVID-19	As agreed at the Council Meeting on 25 February 2021 - an allocation of £0.172m. As part of our focus on Improving Opportunities for People and Communities, agrees to provide additional resources to proactively support people experiencing poverty and hardship, by investing in two additional Welfare Rights support staff for two years.

Ref	Service	Description	Amount Earmarked at 31 March 2021	Actual Spend 2021/22	Funds unearmarked	New Earmarking Agreed by Council During 2021/22	General COVID funding allocation to specific themes	Closing Balance	Reason for Carry Forward	Plans for Use
104	Education	Education to Support Young People					321,816	321,816	COVID-19	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.600m. Agrees to fund a package of measures to boost the wellbeing and build back the resilience of young people, in particular those most vulnerable, following the Covid-19 pandemic, including counselling and increased provision of childcare for children under three. Notes that the Scottish Government is yet to confirm details of funding for similar initiatives and, should our investment in children's wellbeing qualify for this funding, the balance will be re-allocated to the Recovery and Renewal Fund.
105	Non Departmental	CHARTS					7,000	7,000	COVID-19	As agreed at the Council Meeting on 25 February 2021. Allocation of COVID funding to CHARTS £0.067m, with the balance of £0.007m being carried to 2022/23. The allocation is to ensure that Argyll and Bute's culture, heritage and arts sector can make a contribution to our overall recovery and renewal.
			59,797,000	17,478,068	317,997	14,702,771	0	56,703,706		

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ARGYLL AND BUTE COUNCIL

COUNCIL

FINANCIAL SERVICES

30 JUNE 2022

CAPITAL BUDGET MONITORING REPORT – 31 MARCH 2022

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the position of the capital budget as at 31 March 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Outturn for 2021-22** – actual net expenditure for the full financial year is £24,831k compared to an annual budget of £31,012k giving rise to an underspend for the year of £6,181k (19.9%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £194,796k compared to a total budget for all projects of £194,701k giving rise to a forecast overspend for the overall capital plan of £95k (0.05%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 112 projects there are 63 projects (56%) on track, 49 projects (44%) off track but recoverable and 0 projects off track (0%).
- **Service Development** - Out of 42 projects there are 23 projects (55%) on track, 19 projects (45%) off track but recoverable and 0 projects (0%) off track.
- **Strategic Change** – Out of 26 projects there are 8 projects (31%) on track, 18 projects (69%) off track but recoverable and 0 projects (0%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 4. Additional funding allocated since the last report relates to Cycling, Walking, Safer Routes, Town Centre Fund and Campbeltown Flood Scheme.

1.5 Due to the Covid-19 outbreak there has been a reduction in anticipated capital receipts in 2021-22 however this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. The position will continue to be monitored on an ongoing basis.

CAPITAL BUDGET MONITORING REPORT – 31 MARCH 2022

2.0 INTRODUCTION

2.1 This report provides an update on the position of the capital budget as at 31 March 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

2.2 Following the decision at Policy and Resources Committee on 9 December 2021, the Rothesay Pavilion project is on pause whilst potential funding options are being considered. The financial information included within this report therefore now excludes amounts relating to Rothesay Pavilion however for your information actual expenditure during the year was £718k.

2.3 A £1m cost pressure was identified during the year in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this. It was agreed at Environment, Development and Infrastructure Committee on 2 June 2022 that the Chair would approach the Scottish Government with a view to securing additional resources to support the scheme.

2.4 Project Managers were asked to identify specific Covid-19 impacts on the capital programme. At the budget meeting on 25 February 2021, the Council agreed to provide £2.5m of funding and following agreement at the Policy and Resources Committee on 14 October 2021, this, plus a further £0.146m, was added to the capital programme.

Furthermore, at the budget meeting on 24 February 2022, an additional £3.9m was set aside for future capital contract increases. This includes up to £1.2m for Campbeltown Flood Scheme, the final costs of which are estimated to be £15.215m. The Scottish Government will fund 80% of scheme costs with the Council expected to contribute an estimated £3.043m.

It should be noted that there are likely to be other significant financial impacts, as follows:

- Rothesay Pavilion – project currently paused due to increased costs as a result of the main contractor being placed into administration in March 2020.
- Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from additional borrowing, the cost of which could be met from increased fees and charges).
- Helensburgh Waterfront Development – commercial negotiations are ongoing with the main contractor to determine financial impact.
- Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from Scottish Government. No mention of the roll out is included within the Resource Spending Review.
- Other general construction inflationary increases.

3.0 RECOMMENDATIONS

- 3.1 Note the contents of this report and the financial summaries as detailed at Appendix 6.
- 3.2 Approve the proposed virements at Appendix 3 and the roll forward of any over or underspends in relation to expenditure and income as part of the year end process.

4.0 OUTTURN FINANCIAL POSITION 2021-22

4.1 Overall Position

Actual net expenditure for the full financial year is £24,831k compared to an annual budget of £31,012k giving rise to an underspend for the year of £6,181k (19.9%).

4.2 Project/Department Position

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

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance COVID-19 Related £'000	Forecast Variance Non COVID-19 Related £'000	Forecast Variance £'000
Asset Sustainability	19,679	16,855	463	2,361	2,824
Service Development	4,798	4,754	0	44	44
Strategic Change	6,535	3,222	0	3,313	3,313
Total	31,012	24,831	463	5,718	6,181
Service:					
ICT	1,238	1,132	0	106	106
Education	7,666	6,774	463	429	892
Live Argyll	406	272	0	134	134
Health & Social Care Partnership	268	20	0	248	248
Shared Offices	2,119	804	0	1,315	1,315
Roads & Infrastructure	13,066	10,084	0	2,982	2,982
Development & Economic Growth	732	504	0	228	228
CHORD	5,517	5,240	0	277	277
Total	31,012	24,831	463	5,718	6,181

Material variances are explained in Appendix 1 and there are a number of smaller variances contributing to the underspend.

5.0 TOTAL PROJECT COSTS

5.1 Overall Position

Forecast total net project costs on the total capital plan are £194,796k compared to a total budget for all projects of £194,701k giving rise to a forecast overspend for the overall capital plan of £95k (0.05%).

As described at section 2.4 above, the total project costs include £2,646k of Covid-19 related expenditure as agreed at Policy and Resources Committee on 14 October 2021. The total project costs also include £1,133k of the £3,900k agreed at Council on 24 February 2022 which has been allocated to Campbeltown Flood Scheme. The remainder has not yet been allocated to the capital plan.

5.2 Project/Department Position

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

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance COVID-19 Related £'000	Capital Plan Variance Non COVID-19 Related £'000	Total Capital Plan Variance £'000
Asset Sustainability	69,038	69,049	0	(11)	(11)
Service Development	18,078	18,161	0	(83)	(83)
Strategic Change	107,585	107,586	0	(1)	(1)
Total	194,701	194,796	0	(95)	(95)
Service:					
ICT	5,764	5,764	0	0	0
Education	45,544	45,549	0	(5)	(5)
Live Argyll	3,600	3,629	0	(29)	(29)
Health & Social Care Partnership	4,242	4,244	0	(2)	(2)
Shared Offices	22,291	22,291	0	(0)	(0)
Roads & Infrastructure	64,949	64,962	0	(13)	(13)
Development & Economic Growth	4,473	4,518	0	(45)	(45)
CHORD	43,838	43,838	0	(0)	(0)
Total	194,701	194,796	0	(95)	(95)

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

6.0 TOTAL PROJECT PERFORMANCE

6.1 Overall Position

There are 180 projects within the Capital Plan, 94 are Complete or On Target, 86 are Off Target and Recoverable and 0 are Off Track.

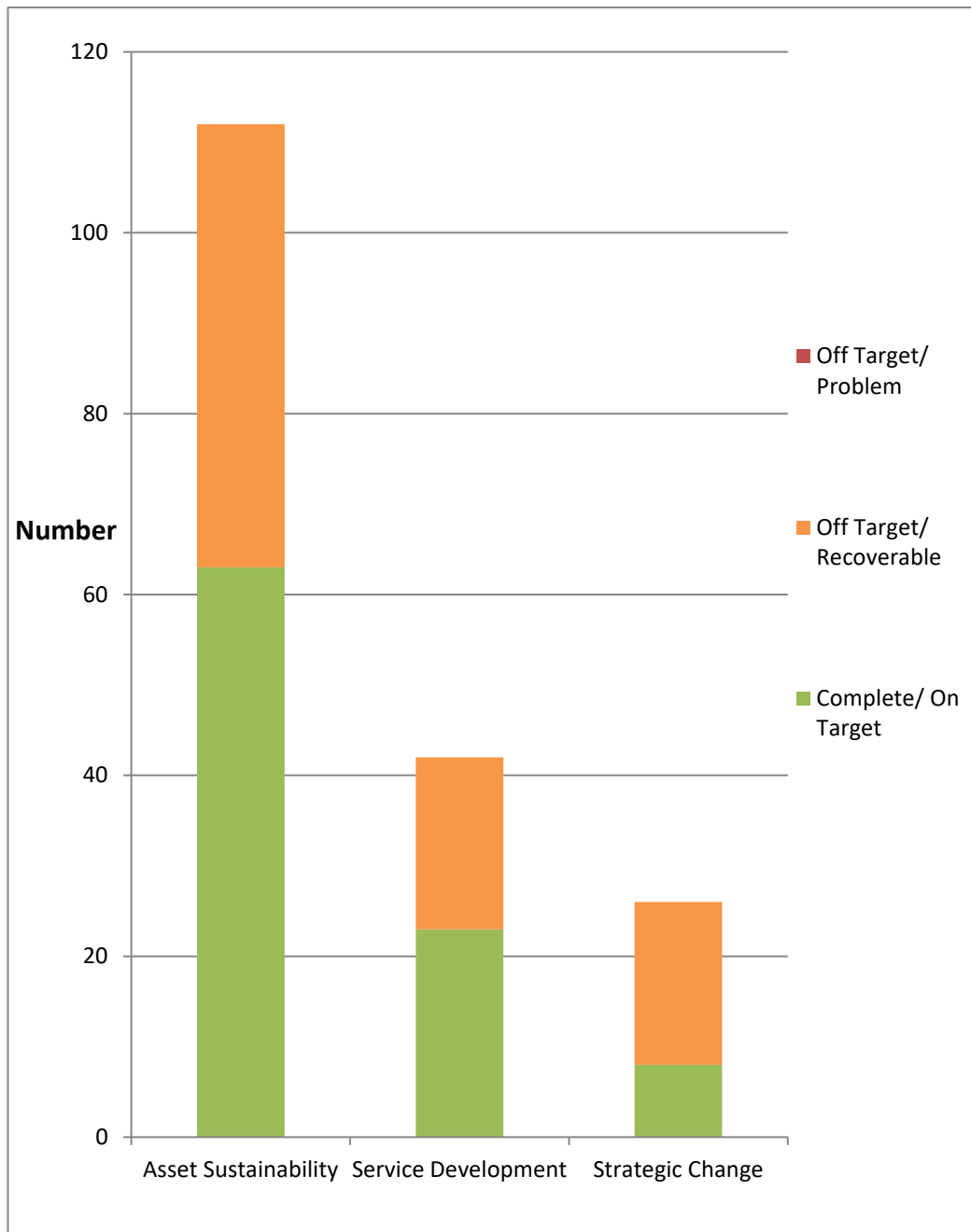
6.2 Project Position

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

Project Type:	Complete / On Target	Off Target/ Recoverable		Off Target/ Problem		Total
		COVID -19 Related	Non-COVID -19 Related	COVID -19 Related	Non-COVID -19 Related	
Asset Sustainability	63	1	48	0	0	112
Service Development	23	0	19	0	0	42
Strategic Change	8	0	18	0	0	26
Total	94	1	85	0	0	180
Service:						
ICT	4	0	3	0	0	7
Education	18	1	14	0	0	33
Live Argyll	19	0	9	0	0	28
Health & Social Care Partnership	15	0	2	0	0	17
Shared Offices	8	0	23	0	0	31
Roads & Infrastructure	20	0	23	0	0	43
Development & Economic Growth	9	0	7	0	0	16
CHORD	1	0	4	0	0	5
Total	94	1	85	0	0	180

6.3 Chart of Performance Status

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



7.0 OFF TRACK PROJECTS

7.1 There are no Off Track projects for this report.

8.0 STRATEGIC CHANGE PROJECTS

- 8.1 Appendix 5 gives detailed information in respect of the Strategic Change Projects within the Capital Plan, including details of the forecast cost of the project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and if these are not green gives an explanation of the problem.

9.0 CHANGES TO THE CAPITAL PLAN

- 9.1 The table below shows previous changes to expenditure budgets within the Capital Plan at summary level, including slippages and accelerations offset by any budget adjustments. There are no proposed changes in terms of slippages or accelerations in the current month as any over or under spends are rolled forward into future years as part of the year end process. The total slippage in the capital programme throughout 2021-22 was £28.217m. As reported in Audit Scotland's Financial Overview 2020-21, capital expenditure across Scotland's councils reduced by more than 20% as a result of Covid-19, impacting both costs and delivery plans. This is something that has continued in 2021-22.

There are a number of proposed virements within Shared Offices, largely in relation to the Our Modern Workspace Project, the detail of which can be found at Appendix 3.

The updated capital plan incorporating the proposed virements and roll forward of over or under spends can be found in Appendix 7. Income budgets will also be aligned accordingly as part of this process.

Department	Prev. Agreed Changes 2021-22 £'000
Asset Sustainability	(1,037)
Service Development	(362)
Strategic Change	(11,772)
Total	(13,171)
Service:	
ICT	(39)
Education	(967)
Live Argyll	(134)
Health & Social Care Partnership	(494)
Shared Offices	(354)
Roads & Infrastructure	(11,298)
Development & Economic Growth	307
Major Projects	(192)
Total	(13,171)

10.0 FUNDING

- 10.1 The Capital Programme is funded by various income streams as detailed in Appendix 4. Additional funding allocated since the last report relates to Cycling, Walking, Safer Routes, Town Centre Fund and Campbelltown Flood Scheme.
- 10.2 Due to the Covid-19 outbreak there has been a reduction in anticipated capital receipts in 2021-22 however this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. The position will continue to be monitored on an ongoing basis.

11.0 IMPLICATIONS

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

Kirsty Flanagan
Executive Director/Section 95 Officer
6 June 2022

Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

For further information contact: Anne Blue, Interim Head of Financial Services

APPENDICES

- **Appendix 1** – Financial Outturn variance explanations
- **Appendix 2** – Total Project finance variance explanations
- **Appendix 3** – Changes to Capital Plan and Financial Impact
- **Appendix 4** – Capital Funding
- **Appendix 5** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 6** - Financial Summary – Overall
 - Financial Summary – Executive Director Kirsty Flanagan
 - Financial Summary – Executive Director Douglas Hendry
- **Appendix 7** - Updated/Revised Capital Plan

APPENDIX 1 – Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID- 19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Secondary Schools	762	299	463	0	463	Works re-scheduled to summer 22-23; budget slipped to reflect disruptive influence of COVID and associated material and labour supply issues.
Dunclutha Children's Home	54	0	0	54	54	Continued issues with roads and infrastructure costs; retention monies still held to offset defects cost.
ICT Applications Project	848	766	0	82	82	Budget to be reprofiled.
Legionella Control Works	271	56	0	215	215	Developmental budget for 22-23 associated legionella costs.
Asbestos Property Works	57	0	0	57	57	Developmental budget for 22-23 associated asbestos costs.
Carbon Management Business Cases	60	0	0	60	60	Developmental budget for 22-23 associated Carbon Management costs and future business cases.
NPDO Schools Solar PV Panel Installations	100	0	0	100	100	Developmental budget for 22-23 and residual work associated with remedial Capital Works.
Non-NPDO Schools PV Panel Installations	88	0	0	88	88	Developmental budget for 22-23 and residual work associated with remedial Capital Works.
Roads Reconstruction	11,250	10,775	0	475	475	Balance of Covid funding to be carried forward.
Public Convenience Upgrades	82	0	0	82	82	No expenditure in 21-22, budget to be reprofiled.

Electric Vehicle Chargers	97	4	0	93	93	Procurement ongoing, agreed with Transport Scotland to carry forward funding.
Campbeltown Flood Scheme	525	294	0	231	231	Tender for works due to be awarded end of May 2022.
Harbour Investment Programme	3,676	1,192	0	2,484	2,484	Projects delayed for various reasons including Marine Scotland licencing delays, contractor and contractual issues.
Helensburgh Waterfront Development	11,065	10,827	0	238	238	External funding for additional works to take place in 22-23.
Clean Energy (NDEEF)	1,100	636	0	464	464	Works scheduled to complete in June 22-23 - budget to be reprofiled accordingly in line with timescales for second valuation due to contractor and retention payment.
Glengorm Capping	82	0	0	82	82	New application to Business Stream made and expenditure expected to take place in 22-23.
Nature Restoration Fund	108	0	0	108	108	Distribution of funding/projects still to be agreed.
Other Variances under £50k				805	805	Total value of non-material variances less than +/- £50k
Total			463	5,718	6,181	

APPENDIX 2 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
						No variances +/-£50k for this report.
Other Variances under £50k			0	(95)	(95)	Total value of non-material variances less than +/- £50k. Project Managers are working to reduce these small individual overspends by identifying underspends elsewhere within the capital plan.
Total			0	(95)	(95)	

APPENDIX 3 – Changes to Capital Plan and Financial Impact
OVERALL COST CHANGES

Project	2021-22 £'000	2022-23 £'000	2023-24 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Our Modern Workspace (OMW) Project		549	87	30	666	Vire budget from multiple projects listed below.	Our Modern Workspace (OMW) project is progressing, supporting flexible return to offices. Budget identified from existing office rationalisation/upgrade projects no longer required below as a result.
Castle House, Dunoon		(10)			(10)	Vire budget to OMW.	Residual budget no longer required.
Dunoon Office Rationalisation		(220)	(7)		(227)	Vire budget to OMW.	Budget no longer required as a result of OMW Project.
Joint Valuation Board		(39)			(39)	Vire budget to OMW.	Budget no longer required.
Lorn House, Oban		(22)			(22)	Vire budget to OMW.	Residual budget no longer required.
Manse Brae District Office, Lochgilphead		(120)			(120)	Vire budget to OMW.	Budget no longer required as a result of OMW Project.
Oban Municipal Buildings		(16)			(16)	Vire budget to OMW.	Residual budget no longer required.
Old Quay Offices, Campbeltown		(15)			(15)	Vire budget to OMW.	Residual budget no longer required.
Tobermory Area Office		(42)			(42)	Vire budget to OMW.	Residual budget no longer required.
Whitegates Office, Lochgilphead		(25)			(25)	Vire budget to OMW.	Budget no longer required as a result of OMW Project.
Rothesay Office Rationalisation		(40)			(40)	Vire budget to OMW.	Budget no longer required as a result of OMW Project.
Shared Offices Block Allocation			(80)	(30)	(110)	Vire budget to OMW.	Budgets relating to Agile Working Project and Union Street, Rothesay now longer required as a result of OMW Project.
Argyll House, Dunoon		12			12	Vire budget from projects below.	Additional budget required for outstanding final payments.
Fire Risk Assessments		(6)			(6)	Vire budget to Argyll House, Dunoon.	Rolling budget utilised as and when required.
Asbestos Capital Property Works		(6)			(6)	Vire budget to Argyll House, Dunoon.	Rolling budget utilised as and when required.
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS									
Project	2021-22 £'000	2022- 23 £'000	2023- 24 £'000	Future Years £'000	Total Capital Plan £'000	2021-22 COVID- 19 Slippage £'000	2021-22 Non COVID-19 Slippage £'000	Recommendation	Explanation
None for this report.									
Total Slippages & Accelerations	0	0	0	0	0	0	0		

There are no proposed changes in the current month regarding slippages or accelerations as any over or underspends are rolled forward into future years as part of the year end process. Income budgets will also be aligned accordingly as part of this process.

CAPITAL PROGRAMME FUNDING

Appendix 4

	Current Year (2021-22)					2022-23					2023-24				
	Approved Capital Funding	Carry Forwards from 20-21	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 20-21	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 20-21	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	9,596	0	0	0	9,596	9,569	0	0	0	9,569	9,569	0	0	0	9,569
Transfer to Revenue for Private Sector Housing Grant (PSHG)	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033
Capital Receipts	806	0	0	0	806	1,387	0	0	0	1,387	1,095	0	0	0	1,095
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	2,005	0	-77	175	2,103	4,656	0	77	2,645	7,378	0	0	5,728	5,728	
Restricted Funding	8,311	-21	-186	803	8,907	1,486	0	186	358	2,030	1,150	0	0	0	1,150
Funded by Reserves	14,163	2	-3,372	0	10,793	3,145	0	3,200	1,133	7,478	36	0	172	0	208
Additional Funding from Revenue	135	0	0	600	735	0	0	0	18	18	0	0	0	0	0
Insurance	1,681	0	0	0	1,681	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	3,676	0	-2,484	0	1,192	31,180	0	2,484	0	33,664	16,900	0	0	0	16,900
Prudential Borrowing	648	0	1,090	0	1,738	15,528	0	312	3,244	19,084	5,006	0	-1,429	0	3,577
Loans Fund Review	5,393	0	-2,619	0	2,774	0	0	2,619	1,406	4,025	0	0	0	0	0
COVID Funding	4,171	0	-2,167	0	2,004	1,640	0	2,167	0	3,807	0	0	0	0	0
	49,707	-19	-9,815	1,578	41,451	67,713	0	11,045	8,804	87,562	32,878	0	-1,257	5,728	37,349

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2021-22	2022-23	2023-24	Source	Month Reported
Gibraltar Street Public Realm Improvements	250			Grant Funding	Jan-22
CO2 Monitoring in Schools	77			Scottish Government	Jan-22
Helensburgh Cycleways	95			Grant Funding	Jan-22
Kilmory Business Park	30	120		Grant Funding	Feb-22
Helensburgh Waterfront Development	331			Live Argyll	Feb-22
Hermitage Park	8			Third Party Contribution	Feb-22
Roads Reconstruction	50			Grant Funding	Feb-22
Play Park Refurbishment		79		Scottish Government	Feb-22
Coastal Change Adaptation		159		Scottish Government	Feb-22
Cycling Walking Safer Routes	98	173		Scottish Government	Mar-22
Victoria Halls	15			Live Argyll	Mar-22
Capital Funded from Revenue	600	18		Revenue Funding	Mar-22
Town Centre Fund	24			Scottish Government	Mar-22
Campbeltown Flood Scheme		5,716	5,728	Scottish Government	Mar-22
Campbeltown Flood Scheme		2,539		Reserves	Mar-22
Total	1,578	8,804	5,728		

Strategic Change Projects	Capital Expenditure				Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Original Estimated Completion Date	Project Risks Identified	Explanation
Dunoon Primary	7,170	19	10,869	10,869	18/12/2014	30/04/2020	Amber	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Kirn Primary School	9,878	114	10,119	10,119	24/04/2014	31/10/2017	Amber	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,496	2	3,250	3,250	24/04/2014	31/01/2019	Amber	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
CHORD Oban	7,129	4	7,905	7,905	27/10/2016	31/03/2022	Amber	Issues with contract close out impacting on timescales.
Street Lighting LED Replacement	2,700	16	3,900	3,900	01/08/2016	30/03/2022	Amber	Tender for final package of works still to be awarded - budget to be reprofiled.
Helensburgh Office Rationalisation	11,500	20	11,838	11,838	25/04/2013	31/03/2022	Amber	Project subject to legal dispute.
CHORD Dunoon	12,238	32	12,522	12,522	03/02/2012	09/03/2018	Amber	Main contract complete and retentions paid. Landscaping and remediation works ongoing but issues with water ingress may require works in 22-23.
Helensburgh Waterfront Development	1,387	10,827	22,557	22,557	01/04/2017	31/03/2024	Amber	Additional funding awarded resulting in increased budget. Budget to be reprofiled.
Kilmory Business Park Phase 2AA	0	9	150	150	01/02/2022	01/09/2023	Amber	Development Agreement still to be concluded.
Harbour Investment Programme	1,802	1,192	91,292	91,292	01/04/2017	31/03/2028	Amber	Works expected to commence towards the end of the year and awaiting information for vessel designs.
Carbon Management Business Cases	201	0	261	261	01/02/2014	31/03/2022	Amber	Budget to be reprofiled pending development of new projects.
Campbeltown Flood Scheme	181	294	1,232	1,232	01/08/2016	31/03/2023	Amber	Contracts not yet awarded for Kilcreggan or Ettrickdale projects.
Carbon Management - Group Heating Conversion Project	1,938	0	1,948	1,948	01/02/2016	31/03/2022	Amber	Complete.
Carbon Management - Non Education	14	0	50	50	01/04/2015	31/03/2022	Amber	Projects being determined.
NPDO Schools Solar PV Panel Installations	761	0	944	944	26/06/2014	31/03/2022	Amber	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	0	488	488	20/03/2014	31/03/2022	Amber	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	0	39	39	01/02/2016	31/03/2022	Amber	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	0	187	187	01/02/2012	31/03/2022	Amber	Budget to be reprofiled pending development of new projects.
TIF - Halfway House Roundabout	0	43	640	640	tbc	tbc	Green	Scope of project still to be determined - budget to be reprofiled.
TIF - Oban Airport Business Park	447	6	590	590	22/01/2015	31/03/2022	Green	
Campbeltown Schools Redevelopment	1,649	0	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,483	2	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project originally proposed for 21-22 now slipped into 22-23.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Complete.
TIF - Lorn/Kirk Road	1,959	0	2,170	2,170	22/01/2015	31/03/2021	Green	Complete.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Complete.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Complete.
Strategic Change Total	75,250	12,580	196,365	196,365				

Project Risk Classifications:

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

Amber - Risks are increasing but are still manageable.

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

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL						Appendix 6
FINANCIAL SUMMARY - NET EXPENDITURE						31 March 2022
	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Asset Sustainability Projects						
Executive Director Douglas Hendry	6,773	4,553	2,220	24,757	24,775	(18)
Executive Director Kirsty Flanagan	14,707	14,013	694	46,857	46,857	0
Asset Sustainability Total	21,480	18,566	2,914	71,614	71,632	(18)
Service Development Projects						
Executive Director Douglas Hendry	3,454	3,397	57	15,144	15,169	(25)
Executive Director Kirsty Flanagan	7,264	7,004	260	31,616	31,675	(59)
Service Development Total	10,718	10,401	317	46,760	46,844	(84)
Strategic Change Projects						
Campbeltown Schools Redevelopment	0	0	0	2,130	2,130	0
Dunoon Primary	3	19	(16)	10,869	10,869	0
Replacement of Oban High	2	2	0	3,250	3,250	0
Kilmory Primary School	110	114	(4)	10,119	10,119	0
Carbon Management - Non Education	21	0	21	50	50	0
Carbon Management Business Cases	60	0	60	261	261	0
NPDO Schools Solar PV Panel Installations	100	0	100	944	944	0
Non NPDO Schools Solar PV Panel Installations	88	0	88	488	488	0
Carbon Management Fuel Conversions	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	20	0	20	39	39	0
Carbon Management - Group Heating Conversion Project	10	0	10	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	956	956	0
Oil to Gas Heating Conversions	5	0	5	187	187	0
Campbeltown Office Rationalisation	1	0	1	596	596	0
Helensburgh Office Rationalisation	30	20	10	11,838	11,838	(0)
Rothesay Office Rationalisation	10	0	10	10	10	0
Campbeltown Flood Scheme	525	294	231	15,215	15,215	0
Street Lighting LED Replacement	34	16	18	3,900	3,900	0
Harbour Investment Programme	3,676	1,192	2,484	91,292	91,292	0
TIF - Lorn/Kirk Road	1	0	1	2,170	2,170	0
TIF - North Pier Extension	0	0	0	214	214	0
TIF - Oban Airport Business Park	7	6	1	590	590	0
TIF - Halfway House Roundabout	40	43	(3)	640	640	0
CHORD - Helensburgh	2	2	0	6,557	6,557	0
CHORD Dunoon	41	32	9	12,522	12,522	0
CHORD Oban	0	4	(4)	7,905	7,905	0
Helensburgh Waterfront Development	11,065	10,827	238	22,557	22,557	0
HWD - FFE (Funded by LA)	19	6	13	350	350	0
Kilmory Business Park Phase 2AA	30	9	21	150	150	0
Dunoon Pier OBC	0	0	0	2,844	2,844	0
Strategic Change Total	15,900	12,586	3,314	210,698	210,698	(0)
Total Expenditure	48,098	41,553	6,545	329,072	329,174	(102)
INCOME						
Asset Sustainability						
Executive Director Douglas Hendry	(55)	(62)	7	(55)	(62)	7
Executive Director Kirsty Flanagan	(1,746)	(1,649)	(97)	(2,521)	(2,521)	0
Asset Sustainability Total	(1,801)	(1,711)	(90)	(2,576)	(2,583)	7
Service Development Projects						
Executive Director Douglas Hendry	(173)	(173)	0	(7,475)	(7,475)	0
Executive Director Kirsty Flanagan	(5,747)	(5,474)	(273)	(21,207)	(21,208)	1
Service Development Total	(5,920)	(5,647)	(273)	(28,682)	(28,683)	1
Strategic Change Projects						
Helensburgh Office Rationalisation	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	(270)	(270)	0
Harbour PB	(3,676)	(3,676)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	(49)	(49)	0	(2,018)	(2,018)	0
H'burgh CHORD Public Realm Imprv	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	(5,290)	(5,290)	(0)	(6,493)	(6,493)	(0)
HWD - FFE (Funded by LA)	(350)	(350)	0	(350)	(350)	0
CHORD - Dunoon Waterfront	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	(9,365)	(9,365)	(0)	(103,113)	(103,113)	(0)
Total Income	(17,086)	(16,723)	(363)	(134,371)	(134,379)	8
Net Total	31,012	24,831	6,181	194,701	194,796	(95)

MONITORING REPORT		Appendix 6				
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN		31 March 2022				
	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Asset Sustainability Projects						
Flood Prevention	216	136	80	1,220	1,220	0
Coastal Protection	0	0	0	200	200	0
Coastal Change Adaptation	0	0	0	159	159	0
Bute Sea Wall Repairs	250	250	0	1,000	1,000	0
Helensburgh Flood Mitigation	15	16	(1)	448	448	0
Bridge Strengthening	350	357	(7)	2,406	2,406	0
Local Bridge Maintenance Fund	2	3	(1)	5,450	5,450	0
Roads Reconstruction	11,250	10,775	475	26,111	26,111	0
Roads Reconstruction - Helensburgh CHORD	114	67	47	114	114	0
Roads Reconstruction - Oban CHORD	0	49	(49)	52	52	0
Helensburgh CHORD - Signage etc	0	0	0	10	10	0
Lighting	70	74	(4)	1,114	1,114	0
Environmental Projects	40	79	(39)	1,013	1,013	0
Play Park Refurbishment	0	0	0	155	155	0
Public Convenience Upgrades	82	0	82	82	82	0
Footway Improvements	600	641	(41)	910	910	0
Glengorm - Capping	82	0	82	82	82	0
Glengorm - Cell and Transfer Station (PB)	330	375	(45)	935	935	0
EV Quick Chargers	97	4	93	97	97	0
Tobermory Car Park	47	49	(2)	1,000	1,000	0
Active Travel	0	0	0	500	500	0
Bin Replacement Programme	0	0	0	100	100	0
Glen Loin Car Park - CFCR	160	160	0	160	160	0
Plant and Equipment - CFCR	64	64	0	64	64	0
Islay Jura Ferry Engine - CFCR	60	60	0	60	60	0
Roads Recon - A816 - CFCR	97	97	0	97	97	0
Server Sustainability	81	81	0	186	186	0
PC Replacement	522	598	(76)	560	560	0
Telecomms Network	178	168	10	178	178	0
Block Allocation - ICT	0	0	0	2,394	2,394	0
Asset Sustainability Total	14,707	14,013	694	46,857	46,857	0
Service Development Projects						
Preliminary design for Regional Transport projects	0	0	0	221	221	0
Campbelltown Old Quay	0	0	0	1,424	1,424	0
Fleet Management - Prudential Borrowing	1,171	1,213	(42)	4,861	4,861	0
Fleet Management	1,595	1,595	0	2,859	2,859	0
Lismore Ferry	463	461	2	655	655	0
Milpark Depot Demolition	0	0	0	126	126	0
Oban Depot Development Project	35	35	0	2,100	2,100	0
Lochgilphead Depot Rationalisation	0	10	(10)	19	29	(10)
Jackson's Quary Refurbishment	283	285	(2)	283	285	(2)
Witchburn Road Demolition	(1)	0	(1)	157	158	(1)
Safe Streets, Walking and Cycling (CWSS)	382	385	(3)	2,878	2,881	(3)
SPT - bus infrastructure	0	0	0	1,405	1,405	0
Cycleways - H&L (FSPT)	197	197	0	2,972	2,972	0
Helensburgh Public Realm - Arts Strategy Fund	1	2	(1)	53	53	0
Town Centre Funds	2,048	2,035	13	3,561	3,604	(43)
Dunoon Cycle Bothy	16	13	3	279	279	0
Dunoon STEM Hub	49	5	44	608	608	0
Ardishaig North Active Travel	0	0	0	600	600	0
Nature Restoration Fund	108	0	108	108	108	0
Gibraltar Street Public Realm Improvements	0	2	(2)	250	250	0
Hermitage Park	69	0	69	3,314	3,314	0
Applications Projects	848	766	82	2,883	2,883	0
Service Development Total	7,264	7,004	260	31,616	31,675	(59)
Strategic Change Projects						
Campbelltown Flood Scheme	525	294	231	15,215	15,215	0
Street Lighting LED Replacement	34	16	18	3,900	3,900	0
Harbour Investment Programme	3,676	1,192	2,484	91,292	91,292	0
TIF - Lorn/Kirk Road	1	0	1	2,170	2,170	0
TIF - North Pier Extension	0	0	0	214	214	0
TIF - Oban Airport Business Park	7	6	1	590	590	0
TIF - Halfway House Roundabout	40	43	(3)	640	640	0
Strategic Change Total	4,283	1,551	2,732	114,021	114,021	0
Total Expenditure	26,254	22,568	3,686	192,494	192,553	(59)
INCOME						
Asset Sustainability						
EV Quick Chargers	(97)	0	(97)	(97)	(97)	0
Roads Reconstruction	(1,299)	(1,299)	0	(1,299)	(1,299)	0
Environmental Projects	(20)	(20)	0	(20)	(20)	0
Glengorm Capping/New Cell - Prudential Borrowing	(330)	(330)	0	(330)	(330)	0
Tobermory Car Park	0	0	0	(775)	(775)	0
Asset Sustainability Total	(1,746)	(1,649)	(97)	(2,621)	(2,621)	0
Service Development Projects						
Applications Projects	(391)	(391)	0	(437)	(437)	0
Safe Streets, Walking and Cycling	(388)	(386)	(3)	(2,463)	(2,463)	0
SPT	0	0	0	(1,243)	(1,243)	0
Cycleways - H&L (FSPT)	(197)	(197)	0	(3,072)	(3,072)	0
Town Centre Funds	(499)	(499)	0	(1,972)	(1,972)	0
Dunoon STEM Hub	(507)	(508)	1	(607)	(608)	1
Dunoon Cycle Bothy	(70)	(70)	0	(279)	(279)	0
Gibraltar Street Public Realm Improvements	(250)	(250)	0	(250)	(250)	0
Hermitage Park	(226)	(226)	0	(3,245)	(3,245)	0
Fleet Management - PB	(1,171)	(1,171)	0	(4,861)	(4,861)	0
Fleet Management	(96)	(96)	0	(96)	(96)	0
Lochgilphead Depot Rationalisation	(1)	0	(1)	(1)	(1)	0
Milpark Depot Demolition Insurance	0	0	0	(53)	(53)	0
Oban Depot - Mill Park Insurance Claim	(1,681)	(1,681)	0	(1,681)	(1,681)	0
Oban Depot - Appin Depot Sale	(150)	0	(150)	(150)	(150)	0
Lismore Ferry	(120)	0	(120)	(620)	(620)	0
Witchburn Road Demolition	0	0	0	(157)	(157)	0
Service Development Total	(5,747)	(5,474)	(273)	(21,207)	(21,208)	1
Strategic Change Projects						
Campbelltown Flood	0	0	0	(270)	(270)	0
Harbour PB	(3,676)	(3,676)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	(49)	(49)	0	(2,018)	(2,018)	0
Strategic Change Total	(3,725)	(3,725)	0	(93,580)	(93,580)	0
Total Income	(11,218)	(10,848)	(370)	(117,308)	(117,309)	1
Net Departmental Total	15,036	11,720	3,316	75,186	75,244	(58)

MONITORING REPORT						Appendix 6
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY						31 March 2022
	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
EXPENDITURE						
Asset Sustainability						
Education	4,311	3,422	889	14,176	14,176	0
Live Argyll	453	327	126	2,373	2,389	(16)
Health and Social Care Partnership	214	20	194	2,942	2,944	(2)
Shared Offices	1,795	784	1,011	5,266	5,266	0
Asset Sustainability Total	6,773	4,553	2,220	24,757	24,775	(18)
Service Development Projects						
Ardnish Primary Pre 5 Unit	0	0	0	2	2	0
Bowmore Primary School - Pre 5 Unit	0	0	0	149	149	0
Clyde Cottage - 600 hour provision	25	2	23	579	579	0
Craignish Primary School - Pre 5 Extension	0	0	0	400	400	0
Iona Primary School - Pre 5 Unit	0	0	0	490	490	0
Islay High and Rosneath Primary School Pitches	14	26	(12)	707	719	(12)
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	391	391	0
Park Primary Extension/Pre Fives Unit	0	0	0	341	341	0
Sandbank Gaelic Pre Five Unit	0	0	0	491	491	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	120	120	0
Early Learning and Childcare	0	0	0	850	850	0
Early Learning and Childcare - 1140 Hours	3,200	3,182	18	7,751	7,751	0
CO2 Monitoring - Covid Mitigation in Schools	63	76	(13)	192	192	0
Early Learning and Childcare - 1140 Hours - CFCR	111	111	0	111	111	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0
Riverside Leisure Centre Refurbishment	(13)	0	(13)	1,232	1,245	(13)
Dunclutha Childrens Home	54	0	54	1,300	1,300	0
Service Development Total	3,454	3,397	57	15,144	15,169	(25)
Strategic Change Projects						
Campbeltown Schools Redevelopment	0	0	0	2,130	2,130	0
Dunoon Primary	3	19	(16)	10,869	10,869	0
Replacement of Oban High	2	2	0	3,250	3,250	0
Kirm Primary School	110	114	(4)	10,119	10,119	0
Carbon Management - Non Education	21	0	21	50	50	0
Carbon Management Business Cases	60	0	60	261	261	0
NPDO Schools Solar PV Panel Installations	100	0	100	944	944	0
Non NPDO Schools Solar PV Panel Installations	88	0	88	488	488	0
Carbon Management Fuel Conversions	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	20	0	20	39	39	0
Carbon Management - Group Heating Conversion Project	10	0	10	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	956	956	0
Oil to Gas Heating Conversions	5	0	5	187	187	0
Campbeltown Office Rationalisation	1	0	1	596	596	0
Helensburgh Office Rationalisation	30	20	10	11,838	11,838	(0)
Rothsay Office Rationalisation	10	0	10	10	10	0
CHORD Oban	0	4	(4)	7,905	7,905	0
CHORD - Helensburgh	2	2	0	6,557	6,557	0
CHORD Dunoon	41	32	9	12,522	12,522	0
Helensburgh Waterfront Development	11,065	10,827	238	22,557	22,557	0
HWD - FFE (Funded by LA)	19	6	13	350	350	0
Kilmory Business Park Phase 2AA	30	9	21	150	150	0
Dunoon Pier OBC	0	0	0	2,844	2,844	0
Strategic Change Total	11,617	11,035	582	96,677	96,677	(0)
Total Expenditure	21,844	18,985	2,859	136,578	136,621	(43)
INCOME						
Asset Sustainability						
Education	0	(7)	7	0	(7)	7
Live Argyll	(55)	(55)	0	(55)	(55)	0
Asset Sustainability Total	(55)	(62)	7	(55)	(62)	7
Service Development Projects						
Sandbank Gaelic Pre Five Unit	0	0	0	(478)	(478)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	(30)	(30)	0
Early Learning and Childcare	(135)	(135)	0	(629)	(629)	0
Early Years 1140 Hours	0	0	0	(6,300)	(6,300)	0
Bowmore Primary School - Gaelic Medium Grant	(38)	(38)	0	(38)	(38)	0
Service Development Total	(173)	(173)	0	(7,475)	(7,475)	0
Strategic Change						
Helensburgh Office Rationalisation	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	(5,290)	(5,290)	(0)	(6,493)	(6,493)	(0)
HWD - FFE (Funded by LA)	(350)	(350)	0	(350)	(350)	0
CHORD - Dunoon Waterfront	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	(5,640)	(5,640)	(0)	(9,533)	(9,533)	(0)
Total Income	(5,868)	(5,875)	7	(17,063)	(17,070)	7
Net Departmental Total	15,976	13,111	2,865	119,515	119,552	(37)

CAPITAL PLAN 2021-22
Overall Summary

APPENDIX 7

Service	Previous Years £000's	2021-22 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s	Total £000s
Education	33,043	6,942	6,102	4,843	2,226	0	53,156
Shared Offices	16,667	804	4,097	644	428	0	22,640
ICT	1,360	1,523	1,564	983	771	0	6,201
RIS	16,027	18,344	64,279	29,542	36,037	2,422	166,651
DEG	12,747	2,642	4,073	180	0	0	19,642
HSCP	1,246	18	2,109	441	428	0	4,242
Live Argyll	1,274	298	1,224	431	428	0	3,655
CHORD	37,606	10,880	4,114	285	0	0	52,885
Overall Total	119,970	41,451	87,562	37,349	40,318	2,422	329,072

Category	Service	Project	Previous				Future	
			Years £000's	2021-22 £000s	2022-23 £000s	2023-24 £000s	Years £000s	Total £000s
Asset Sustainability	Education	Asbestos Control/Removal Works	0	0	7	0	0	7
		Block Allocation - Education	0	0	3,216	4,231	2,226	9,673
		Digital Inclusion 20-21	0	0	9	0	0	9
		Free School Meals	0	0	14	0	0	14
		Homeless Houses - Housing Quality Standard	0	0	1	0	0	1
		Internal Refurbishment Budget	0	0	7	0	0	7
		Lochgilphead Primary School Demolition - CFCR	0	20	0	0	0	20
		Pre-5's/Nurseries	0	0	1	0	0	1
		Pre-5s/Nurseries - CFCR	0	34	0	0	0	34
		Primary School - CFCR	0	17	0	0	0	17
		Primary Schools	0	2,891	530	23	0	3,444
		School Houses - Housing Quality Standard	0	159	26	0	0	185
		Secondary Schools	0	299	463	0	0	762
Asset Sustainability Total			0	3,422	4,274	4,254	2,226	14,176
Service Development	Education	Ardrihaig Primar School - Pre Five Extension	2	0	0	0	0	2
		Bowmore Primary School - Gaelic Medium Grant	0	0	38	0	0	38
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	149
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	120
		Clyde Cottage - 600 hours provision	554	2	23	0	0	579
		CO2 Monitoring - Covid Mitigation in Schools	0	76	116	0	0	192
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	400
		Early Learning and Childcare	850	0	0	0	0	850
		Early Learning and Childcare - 1140 Hours	3,514	3,182	1,036	19	0	7,751
		Early Learning and Childcare - 1140 Hours - CFCR	0	111	0	0	0	111
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	490
		Islay High & Rosneath PS Pitches	693	14	0	0	0	707
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	391
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	341
Sandbank Gaelic Pre Five Unit	491	0	0	0	0	491		
Service Development Total			7,995	3,385	1,213	19	0	12,612
Strategic Change	Education	Campbeltown Schools Redevelopment	2,054	0	76	0	0	2,130
		Dunoon Primary School	10,346	19	304	200	0	10,869
		Kirn Primary School	9,906	114	99	0	0	10,119
		Replacement of Oban High School	2,742	2	136	370	0	3,250
Strategic Change Total			25,048	135	615	570	0	26,368
Overall Total			33,043	6,942	6,102	4,843	2,226	53,156

Category	Service	Project	Previous				Future	
			Years £000's	2021-22 £000s	2022-23 £000s	2023-24 £000s	Years £000s	Total £000s
Asset Sustainability	Shared Offices	Argyll House, Dunoon	0	7	12	0	0	19
		Asbestos Capital Property Works	0	0	51	0	0	51
		Block Allocation	0	0	0	336	398	734
		Bowmore Area Office	0	0	76	0	0	76
		Burnett Building	0	1	110	0	0	111
		Capital Property Works	0	0	28	0	0	28
		Cleaner Energy	0	636	961	178	0	1,775
		Concerto Licence	0	45	0	0	0	45
		Fire Risk Assessment Works	0	0	14	0	0	14
		Hill Street Dunoon Rewire	0	0	33	0	0	33
		Kilmory Castle	0	13	1,368	43	0	1,424
		Legionella Control Works	0	56	215	0	0	271
		Manse Brae District Office	0	26	1	0	0	27
		Manse Brae Roads Office	0	0	2	0	0	2
Our Modern Workspace	0	0	549	87	30	666		
Asset Sustainability Total			0	784	3,420	644	428	5,276
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	0	1	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudentia)	1,938	0	10	0	0	1,948
		Carbon Management Business Cases (FPB)	201	0	60	0	0	261
		Carbon Management Capital Property Works 16/17	19	0	20	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	107
		Helensburgh Office Rationalisation (FPB,REC)	11,508	20	310	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	956
		Non-NPDO Schools PV Panel Installations	400	0	88	0	0	488
		NPDO Schools Solar PV Panel Installations	761	0	183	0	0	944
Oil to Gas Heating Conversions (FPB)	182	0	5	0	0	187		
Strategic Change Total			16,667	20	677	0	0	17,364
Overall Total			16,667	804	4,097	644	428	22,640

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future	Total
			Years £000's	£000s	£000s	£000s	Years £000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,435	32	55	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,527	2	28	0	0	6,557
		CHORD - Oban	7,250	4	651	0	0	7,905
		Helensburgh Waterfront Development	8,550	10,827	2,895	285	0	22,557
		HWD - FFE	0	6	344	0	0	350
		Kilmory Business Park Phase 2AA	0	9	141	0	0	150
		OBC for Dunoon Pier	2,844	0	0	0	0	2,844
Strategic Change Total			37,606	10,880	4,114	285	0	52,885
Overall Total			37,606	10,880	4,114	285	0	52,885

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future	Total
			Years £000's	£000s	£000s	£000s	Years £000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	704	919	771	2,394
		PC Replacement	0	508	52	0	0	560
		Server Sustainability	0	81	41	64	0	186
		Telecomms Network	0	168	10	0	0	178
Asset Sustainability Total			0	757	807	983	771	3,318
Service Development	ICT	Applications Projects	1,360	766	757	0	0	2,883
Service Development Total			1,360	766	757	0	0	2,883
Overall Total			1,360	1,523	1,564	983	771	6,201

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future Years	Total		
			Years £000's	£000s	£000s	£000s	£000s	£000s		
Asset Sustainability	RIS	Acquisition of Glen Loin Car Park, Arrochar - CFCR	0	160	0	0	0	160		
		Bin Replacement Programme	0	0	100	0	0	100		
		Bridge Strengthening	0	357	1,349	350	350	2,406		
		Bute Sea Wall Repairs	0	250	750	0	0	1,000		
		Coastal Change Adaptation	0	0	159	0	0	159		
		Coastal Protection	0	0	20	80	100	200		
		Eilean Dhùira Ferry Engine - CFCR 21-22	0	60	0	0	0	60		
		Environmental Projects	0	79	734	100	100	1,013		
		EV Quick Chargers	0	4	93	0	0	97		
		Flood Prevention	0	136	474	305	305	1,220		
		Footway Improvements	0	641	269	0	0	910		
		Glengorm - Capping	0	0	82	0	0	82		
		Glengorm - Cell and Transfer Station (PB)	0	375	560	0	0	935		
		Helensburgh CHORD - Signage etc	0	0	10	0	0	10		
		Helensburgh Flood Mitigation	0	16	432	0	0	448		
		Investment in Active Travel	0	0	500	0	0	500		
		Lighting	0	74	740	150	150	1,114		
		Local Bridge Maintenance Fund	0	3	1,237	4,210	0	5,450		
		Play Park Renewal	0	0	155	0	0	155		
		Public Convenience Upgrades	0	0	82	0	0	82		
		RIS - Roads Plant and Equipment - CFCR	0	64	0	0	0	64		
		Roads Recon - A816 - CFCR	0	97	0	0	0	97		
		Roads Reconstruction	0	10,775	8,475	3,449	3,412	26,111		
		Roads Reconstruction - Helensburgh CHORD	0	67	47	0	0	114		
		Roads Reconstruction - Oban CHORD	0	49	3	0	0	52		
		Tobermory Car Park	0	49	951	0	0	1,000		
		Asset Sustainability Total			0	13,256	17,222	8,644	4,417	43,539
		Service Development	RIS	Campbeltown Old Quay	1,381	0	43	0	0	1,424
Fleet Management	1,264			1,595	0	0	0	2,859		
Fleet Management - Prudential Borrowing	1,461			1,213	2,187	0	0	4,861		
Jackson's Quarry Refurbishment	0			283	0	0	0	283		
Lismore Ferry Replacement	157			461	2	15	20	655		
Lochgilphead Depot Rationalisation	19			0	0	0	0	19		
Mill Park Depot Demolition	126			0	0	0	0	126		
Oban Depot Development	2,065			35	0	0	0	2,100		
Preliminary design for Regional Transport projects (tif)	205			0	16	0	0	221		
Witchburn Road Demolition	158			-1	0	0	0	157		
Service Development Total					6,836	3,586	2,248	15	20	12,705
Strategic Change	RIS	Campbeltown Flood Scheme	584	294	10,354	3,983	0	15,215		
		Harbour Investment Programme PB	5,514	1,192	33,664	16,900	34,022	91,292		
		Street Lighting LED Replacement	3,093	16	791	0	0	3,900		
Strategic Change Total			9,191	1,502	44,809	20,883	34,022	110,407		
Overall Total			16,027	18,344	64,279	29,542	38,459	166,651		

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future	Total
			Years £000's	£000s	£000s	£000s	Years £000s	£000s
Service Development	DEG	Ardishaig North Active Travel	0	0	600	0	0	600
		Cycleways - H&L (FSPT)	2,525	197	100	150	0	2,972
		Dunoon Cycle Bothy	0	13	266	0	0	279
		Dunoon STEM Hub	0	5	603	0	0	608
		Gibraltar Street Public Realm Improvements	0	2	248	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	0	2	51	0	0	53
		Hermitage Park	3,245	0	69	0	0	3,314
		Nature Restoration Fund	0	0	108	0	0	108
		Safe Streets, Walking and Cycling (CWSS)	1,949	382	547	0	0	2,878
		SPT - bus infrastructure	1,405	0	0	0	0	1,405
Town Centre Funds	757	1,992	782	30	0	3,561		
Service Development Total			9,881	2,593	3,374	180	0	16,028
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	0	1	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	214
		09 TIF - Oban Airport Business Park	483	6	101	0	0	590
		TIF - Halfway House Roundabout	0	43	597	0	0	640
Strategic Change Total			2,866	49	699	0	0	3,614
Overall Total			12,747	2,642	4,073	180	0	19,642

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future	Total
			Years	£000s	£000s	£000s	Years	£000s
Asset Sustainability	HSCP	Ardfenaig	0	0	125	0	0	125
		Block Allocation	0	0	390	431	428	1,249
		Capital Property Works	0	0	139	0	0	139
		Digitalising telecare	0	0	100	0	0	100
		Eadar Glinn	0	0	196	0	0	196
		Glencruitten Hostel	0	2	36	0	0	38
		Gortonvogie	0	0	80	0	0	80
		Greenwood/Woodlands	0	0	224	0	0	224
		Lochgilphead Resource Centre	0	0	16	0	0	16
		Lorn Resource Centre	0	16	0	0	0	16
		Struan Lodge Boiler	0	0	252	0	0	252
		Thomson Home Rothesay	0	0	125	0	0	125
		Tigh An Rudha HFE	0	0	372	10	0	382
Asset Sustainability Total			0	18	2,055	441	428	2,942
Service Development	HSCP	Dunclutha Childrens Home	1,246	0	54	0	0	1,300
Service Development Total			1,246	0	54	0	0	1,300
Overall Total			1,246	18	2,109	441	428	4,242

Category	Service	Project	Previous	2021-22	2022-23	2023-24	Future	Total
			Years £000's	£000s	£000s	£000s	Years £000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	0	28	0	0	28
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	0	16	0	0	0	16
		Campbeltown Museum - Burnet Bldg	0	12	0	0	0	12
		Capital Property Works	0	0	1,031	431	428	1,890
		Corran Halls - Emergency Heating Works	0	15	0	0	0	15
		Helensburgh Swimming Pool - Roofing	0	23	0	0	0	23
		Inveraray CARS	0	0	21	0	0	21
		LA - Indoor Cycles	0	37	0	0	0	37
		LA - Victoria Halls - Modular Stage	0	15	0	0	0	15
		Lochgilphead Community Ed Centre	0	8	0	0	0	8
		Lochgilphead Library Relocation	0	5	20	0	0	25
		Queen's Hall - Partition Wall	0	6	0	0	0	6
		Riverside Leisure Centre - Cladding Upgrade	0	1	46	0	0	47
		Riverside Leisure Centre - Spa Pool Upgrade	0	0	20	0	0	20
		Rothesay Swimming Pool	0	28	27	0	0	55
		The Moat Centre - Gym Store	0	3	0	0	0	3
		The Moat Centre - Heating Upgrade	0	53	0	0	0	53
		The Moat Centre - Window Upgrade	0	8	0	0	0	8
		Victoria Hall, Campbeltown	0	30	0	0	0	30
		Victoria Halls, Helensburgh	0	51	10	0	0	61
Asset Sustainability Total			0	311	1,203	431	428	2,373
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	-13	0	0	0	1,232
Service Development Total			1,245	-13	0	0	0	1,232
Strategic Change	Live Argyll	Carbon Management	29	0	21	0	0	50
Strategic Change Total			29	0	21	0	0	50
Overall Total			1,274	298	1,224	431	428	3,655

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ANNUAL TREASURY REPORT 2021-22

1. EXECUTIVE SUMMARY

- 1.1 This report outlines the Council's Treasury Management position for 2021-22.
- 1.2 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual review of treasury management activities and the actual prudential and treasury indicators and submit this to Council. The report at Appendix 1 meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.3 The key points to note from the annual report are:
- Reporting requirements under the Code were met during 2021-22.
 - During 2021-22 the Council's External Borrowing increased by £9.1m from £168.8M at 31 March 2021 to £177.9m at 31 March 2022. The increase was due to temporary borrowing of £10m taken at the year end for cash flow purposes.
 - The Capital Financing Requirement (excluding NPDO and Hub School commitments) was £190.4m this is £12.5m higher than the Council's external debt. This difference is due to higher than normal levels of cash balances partly due to slippage in the capital programme meaning there was no requirement to borrow at this stage.
 - Investments at 31 March 2022 were £107.2m at an average rate of 0.61% compared to £105.3m at an average rate of 0.48% for 31 March 2021. The Council continues to hold high levels of cash balances, a reflection of the increase in its reserves over the last two financial years and slippage in the capital programme.
 - The average investment rate of 0.418% for 2021-22 compared favourably to the average 7 day LIBID rate of -0.74% during the period. The investments generated £0.485m of interest in 2021-22.
 - The Asset Management Fund was invested with London Borough of Croydon Council to increase the rate of return while future long term investment of the fund is being assessed. The return on the fund was £34,337, a rate of return of 1.65%.
- 1.4 This report meets the Code requirement for a treasury annual report.
- 1.5 Management of the debt portfolio resulted in a decrease in the average interest rate of 0.08% due to a decrease in long term borrowing, this is due to the repayment of high interest loans and no new long term borrowing has been taken during the year.

- 1.6 The economic and interest rate commentary are provided by the Council's Treasury Advisors, Link Group to assist in the consideration of the Council's treasury performance.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Council note and approve the Annual Treasury Report for 2021-22.

3. IMPLICATIONS

- 3.1 Policy – None
- 3.2 Financial – None
- 3.3 Legal – None
- 3.4 Human Resources – None
- 3.5 Fairer Scotland Duty - None
- 3.5.1 Equalities – None
- 3.5.2 Socio-Economic Duty – None
- 3.5.3 Islands Duty – None
- 3.6 Climate Change - None
- 3.7 Risk – None
- 3.8 Customer Service – None

Kirsty Flanagan
Section 95 Officer
6 June 2022

Councillor Gary Mulvaney, Policy Lead for Finance and Commercial Services

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

Appendix 1 – Annual Treasury Report 2021-22



**ANNUAL TREASURY
REPORT**

2021-22

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021-22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2021-22 the minimum reporting requirements were that the full Council, the Policy and Resources Committee or the Business Continuity Committee should receive the following reports:

- an annual treasury strategy in advance of the year (Council: 25 February 2021) for the financial year 2021-22
- a mid-year (minimum) treasury update report (Policy and Resources Committee: 09 December 2021)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, the Policy and Resources Committee received further update reports on 14 October 2021 and 17 February 2022.

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

This Council also confirms that it has complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Policy and Resources Committee.

2. The Economy and Interest Rates

Link Group are the Council's Treasury Advisors and have provided commentary on the current economic position. The UK position is noted below and commentary on other countries is included within Appendix A.

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high

and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

3. Overall Treasury Position as at 31 March 2022

The table below sets out the Council's treasury position (excluding borrowing by PFI and finance leases) at the beginning and the end of 2021-22.

	31 March 2021 Principal £m	Rate/ Return	Average Life yrs	31 March 2022 Principal £m	Rate/ Return	Average Life yrs
Total debt	169	4.19%	26.56	178	3.97%	26.84
CFR	175			190		
Over / (under) borrowing	(6)			(12)		
Total investments	105.30	0.48%		107.2	0.61%	
Net debt	63.7			70.8		

The Council was under borrowed by £12.5m at 31 March 2022, the budgeted position for 2021-22 predicted a year end under borrowed position of £10.1m. The difference of £2.4m is due to profiling movements within the capital programme offset by £10m of temporary borrowing taken to smooth short term cash flow fluctuations at the year end.

4. The Strategy for 2021-22

Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the COVID-19 pandemic were no longer necessitated.

The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cash flow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

5. The Borrowing Requirement and Debt

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

	31st March 2021 Actuals £M	31st March 2022 Budget £M	31st March 2022 Actuals £M
CFR - General Fund	296	299	307
Less NPDO	121	120	117
Net CFR	175	179	190

6. Borrowing Rates in 2021-22

Public Works Loans Board (PWLB) certainty maturity borrowing rates

The following commentary on PWLB rates during 2021-22 was provided by our treasury advisors, Link Group:

- The yield curve has flattened out considerably and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 2.3% to 3%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook.
- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields now that Bank Rate has hit 1%. Nothing will be decided before August, however, but the Bank is likely to act cautiously as it has already started on not refinancing maturing debt. A pure roll-off of the peak £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding.
- Increases in US treasury yields over the next few months could add further upside pressure on gilt yields curve. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.
- In addition, there are also some cheap alternative sources of long-term borrowing if a client is seeking to avoid a "cost of carry" but also wishes to mitigate future re-financing risk.

7. Borrowing Outturn for 2021-22

Borrowing

Due to high levels of cash balances and slippage in the capital programme, mainly as a result of the COVID-19 pandemic, there was no requirement to take out any new long term borrowing during the year.

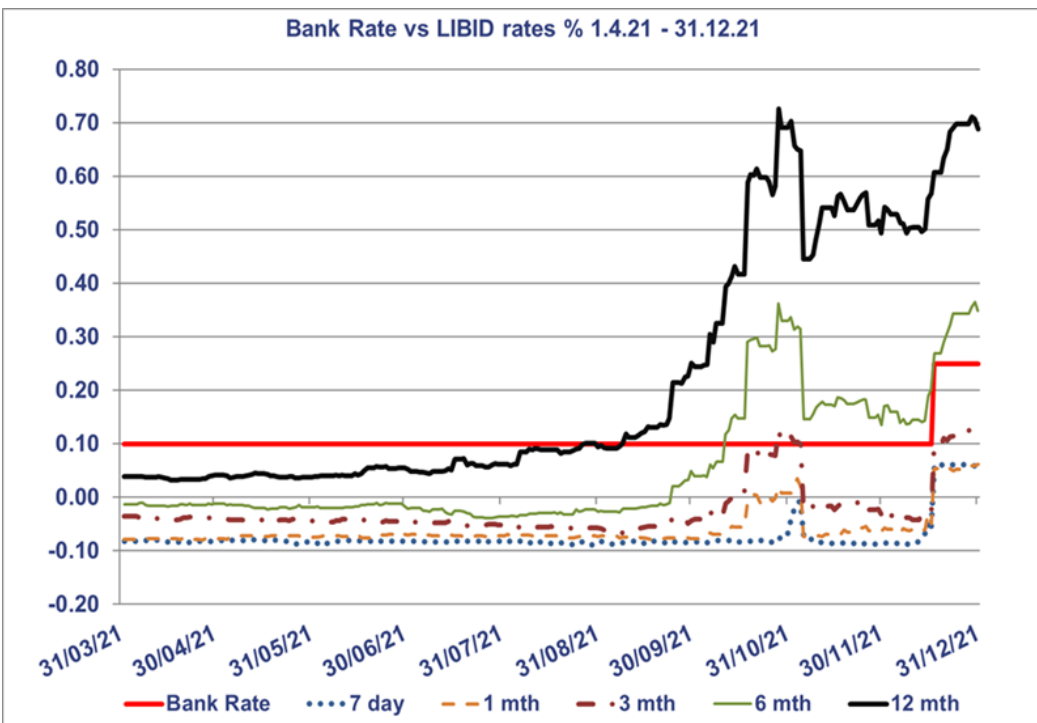
Repayments: The Council repaid the following long term loans during the year using investment balances.

Lender	Principal repaid	Type	Interest rate
PWLB	£0.698 m	Fixed Interest Rate	8.63%

Summary of debt transactions: Management of the debt portfolio resulted in a decrease in the average interest rate of 0.08% due to a decrease in long term borrowing. As can be seen from the table above, a high interest rate loan has been repaid and no new long term borrowing has been taken out during the year.

8. Investment Rates in 2021-22

The expectation for interest rates within the treasury management strategy for 2021-22 was that investment returns would remain low over the course of the year. This has in fact been the reality for most of the year as all short-term money market investment rates were below or little above the Bank Rate at 0.10%. The bank rate increased in December 2021 to 0.25% with a further increase to 0.5% in January 2022.



Note that LIBOR and LIBID rates ceased from the end of 2021 and have now been replaced by SONIA (Sterling Overnight Index Average). This rate will be used for benchmarking from 2022-23 onwards.

9. Investment Outturn 2021-22

The Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 24 February 2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating

agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

The Council's treasury investment portfolio was £107.2m at 31 March 2022 compared to £105.3m at 31 March 2021. The composition of the investment portfolio is shown in the table below. The internally managed funds earned an average rate of return of 0.418%. The comparable performance indicator is the average 7-day LIBID rate, which was -0.74% (from 01-04-21 to 31-12-21). This generated £0.485m of interest in 2021-22.

TREASURY PORTFOLIO					
		31.03.21	31.03.21	31.03.22	31.03.22
Treasury investments		£000	%	£000	%
Banks	Clydesdale Bank	15,518	15%	5,117	5%
	Bank of Scotland	0	0%	0	0%
	Goldman Sachs	0	0%	10,000	9%
	Qatar National Bank	10,000	9%	5,000	5%
	Santander	15,000	14%	5,000	5%
	Totonto Dominion Bank	0	0%	5,000	5%
	First Abu Dhabi Bank	0	0%	10,000	9%
	Al Rayan Bank	5,000	5%	10,000	9%
	National Bank of Kuwait	0	0%	5,000	5%
	Close Bros Bank	5,000	5%	15,000	14%
		50,518	48%	70,117	65%
Building Societies - unrated		0	0%	0	0%
Local Authorities	Cherwell District Council	5,000	5%	0	0%
	Lancashire County Council	10,000	9%	0	0%
	Thurrock Borough Council	0	0%	0	0%
	Cornwall County Council	5,000	5%	0	0%
	Dudley Metropolitan Borough Council	7,500	7%	0	0%
	London Borough of Croydon	7,500	7%	7,500	7%
	Rotherham Metropolitan Borough Council	2,500	2%	7,500	7%
	Cheshire West & Chester Council	0	0%	2,500	2%
		37,500	36%	17,500	16%
DMADF (H.M.Treasury)		0	0%	0	0%
Money Market Funds	BNP	0	0%	10,000	9%
	Federated	2,290	2%	0	0%
	CCLA	15,000	14%	9,600	9%
		17,290	16%	19,600	18%
Certificates of Deposit	National Westminster Bank Plc	0	0%	0	0%
		0	0%	0	0%
Total Treasury Investments		105,308	100%	107,217	100%

The Council invested the £2m Asset Management Fund in a deposit with London Borough of Croydon Council during 2021-22 to increase the rate of return while future long term investment of the fund is being assessed. The return on the fund was £34,337 at a rate of return of 1.65%.

10. Prudential and Treasury Indicators

During 2021-22, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

	2020/21 Actual £000	2021/22 Original £000	2021/22 Actual £000
Actual Capital Expenditure	7,730	19,189	19,788
Capital Financing Requirement	296,083	309,089	309,092
Gross Borrowing	290,316	300,283	294,645
External Debt	168,805	168,879	177,934
Investments (Under 1 year)	105,308	72,500	107,217
Net Borrowing	63,497	96,379	70,717

In line with the investment strategy, investments held with local authority counterparties were for up to two years. All other investments were for less than one year, again per the investment strategy.

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020-21) plus the estimates of any additional capital financing requirement for the current (2021-22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2021-22.

	2021/22 £m
Authorised Limit	324
Maximum Gross Borrowing Position	254
Operational Boundary	316
Average Gross Borrowing Position	246
Financing Costs as a proportion of net revenue stream	4.30%

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

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

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

The maturity structure of the debt portfolio , as per the Treasury Management Strategy, was an upper limit of 30% on borrowing up to 5 years, 40% between 5 and 10 years and 100% of borrowing above 10 years. This is shown in the table below:

	31st March 2022 Actual £000	2021/22 Original Limits £000	31st March 2021 Actual £000
Under 12 months	£16.3m	£50.6m	£1.4m
12 months and within 24 months	£0.0m	£50.6m	£5.8m
24 months and within 5 years	£0.0m	£50.6m	£0.0m
5 years and within 10 years	£0.0m	£67.5m	£0.0m
10 years and within 20 years	£10.9m	£168.8m	£10.9m
20 years and within 30 years	£7.2m	£168.8m	£7.2m
30 years and within 40 years	£40.0m	£168.8m	£30.0m
40 years and within 50 years	£72.5m	£168.8m	£72.5m
50 years +	£31.0m	£168.8m	£31.0m
Total	£177.9m		£168.8m

Appendix A

Commentary from Link Group on the Economy and Interest Rates

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

Japan. The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND ECONOMIC
GROWTH****30 JUNE 2022**

STRATEGIC HOUSING FUND ANNUAL REPORT 2021 - 22

1.0 EXECUTIVE SUMMARY

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

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

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

1.2 This report provides an annual update on the SHF income and expenditure position for 2021-22, the current balance on the SHF as at 31 March 2022 and all future commitments against this balance.

1.3 The closing balance as at 31 March 2022 on the SHF is outlined in the table below:

	Opening Balance at 1 April 2021 £m	Income 2021-22 £m	Expenditure 2021-22 £m	Closing Balance at 31 March 2022 £m
Earmarked Balance in General Fund	7.127	2.136	2.672	6.592
Useable Capital Receipts Reserve	2.872	0.006	0.000	2.878
TOTAL	9.999	2.142	2.672	9.470

- 1.4 There are a number of outstanding commitments against the SHF balance, as at 31 March 2022, and these total £1.173m.
- 1.5 The uncommitted SHF balance as at 1 April 2022 is £8.297m. There are plans to fully utilise this balance over the 5 year period 2022 -27 to support the affordable housing development programme. The Strategic Housing Improvement Plan (SHIP) report that was approved by Council in September 2021 details plans for the delivery of 951 affordable houses which will require a commitment of £11.412m from the SHF.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND ECONOMIC
GROWTH

30 JUNE 2022

STRATEGIC HOUSING FUND ANNUAL REPORT 2021-22

2.0 INTRODUCTION

2.1 This report provides an annual update on the SHF income and expenditure position for 2021-22, the current balance on the SHF as at 31 March 2022 and all future commitments against this balance.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Council:

(a) Note the report on income and expenditure for 2021-22 and the balance on the SHF as at 31 March 2022.

(b) Note the estimated future income for SHF for 2022-23.

4.0 DETAIL

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

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

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

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

- Expenditure incurred in relation to assets formally held on the Housing Revenue Account;
 - Expenditure relating to the acquisition of land for the landbank;
 - Expenditure related to the purchase of homes under the empty homes initiative;
 - Payments to enhance infrastructure where this is restricting the development of affordable housing, and
 - Payments to registered social landlords (RSLs) to partially fund proposed projects to deliver houses in accordance with the local housing strategy.
- 4.3 The introduction of the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 provided enabling powers for further regulations to modify council tax discounts. The new legislation defined new categories of unoccupied properties which differed from the previous categories, and provided new discretions for charging council tax on these new categories. The new regulations allowed the council to determine that, instead of a reduced discount of a minimum of 10%, no discount, or an increase in council tax of up to 100% may apply.
- 4.4 In 2016 The Scottish Government announced its intention to introduce legislation to allow councils to end the Council Tax discount for second homes from April 2017 in “A Plan for Scotland: The Government’s Programme for Scotland 2016-17”. Legislation brought this into effect from 1 April 2017 and the Policy & Resources Committee at its meeting on 27 October 2016 agreed that the Council should exercise its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 to vary the council tax charge on second homes such that no discount applies across the whole of the council area with effect from 1 April 2017.
- 4.5 The Council also exercised their discretion to increase the council tax charge on empty properties, where the dwelling has been unoccupied for over 12 months, by 100% across the whole council area with effect 1 April 2014 however this additional income is not ring-fenced to the SHF.
- 4.6 There are currently two elements to the SHF balance:

Earmarked Balance in General Fund Reserve

Income collected from council tax on second homes which can only be used for investment in affordable, sufficient and suitable housing. The current balance in this reserve represents income from council tax collections from previous financial years. Each year the actual income collected is transferred into this earmarked balance and is, on average, c. £2.2m.

Useable Capital Receipts Reserve

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

4.7 The closing balance as at 31 March 2022 on the SHF is outlined in the table below:

	Opening Balance at 1 April 2021 £m	Income 2021-22 £m	Expenditure 2021-22 £m	Closing Balance at 31 March 2022 £m
Earmarked Balance in General Fund	7.127	2.136	2.672	6.592
Useable Capital Receipts Reserve	2.872	0.006	0.000	2.878
TOTAL	9.999	2.142	2.672	9.470

4.8 Further detail of the income and expenditure for 2021-22 is included as Appendix 1.

4.9 There are a number of outstanding commitments against the SHF. There is usually a delay between grants being approved and the monies being released. Included as Appendix 2 is a list of these outstanding commitments, these funds were not released prior to 31 March 2022.

4.10 The table below sets out the uncommitted balance on the fund as at 31 March 2022.

	£m
Balance at 31/03/2022	9.470
Commitments re Appendix 2	1.173
Uncommitted Balance	8.297

4.11 The uncommitted SHF balance as at 1 April 2022 is £8.297m. There are plans to fully utilise this balance over the 5 year period 2022-27 to support the affordable housing development programme. The Strategic Housing Improvement Plan (SHIP) report that was approved by Council in September 2021 details plans for the delivery of 951 affordable houses which will require a commitment of £11.412m from the SHF.

4.12 The estimated income from council tax on second homes for 2022-23 is £2.2m.

- 4.13 In addition to the above, the council has used reserves to advance loans to RSL's in line with the approach agreed in August 2013. Details of the loans advanced and balances outstanding at 31 March 2021 are set out below:

RSL	Scheme Name	Amount Committed £m	Amount Advances £m	Rate of Interest %	Repayment Period (Years)	Amount o/s 31/20/20 £m
FYNE	6000 - Rothesay Court Ho	1.900	1.900	1.93	9	0.000
ACHA	6005 -Glenshellach	2.305	2.305	4.45	25	1.821
ACHA	6010 - Bonawe	0.123	0.123	4.43	25	0.099
ACHA	6015 - Hood Court	0.603	0.603	4.43	25	0.490
FYNE	6020 - St Cuthberts	0.201	0.201	3.14	25	0.000
WHHA	6025 - Imeraval	0.955	0.955	2.85	25	0.837
The Port Ellen Station	6030- Port Ellen Police S	0.080	0.080	2.12	10	0.050
Total		6.168	6.168	0.000	0.000	3.297

5.0 CONCLUSION

- 5.1 The SHF makes a significant contribution to the new affordable housing development programme in Argyll and Bute. The closing balance on the fund at 31 March 2022 was £9.470m with future outstanding commitments of £1.173m, leaving an uncommitted balance of £8.297m to further support the affordable housing development programme as set out in the Strategic Housing Improvement Plan (SHIP) report September 2021.

6.0 IMPLICATIONS

- 6.1 Policy: None
- 6.2 Financial: None, SHF will continue to be administered in line with approved policy.
- 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 Climate Change: None
- 6.7 Risk: None
- 6.8 Customer Service: None

Kirsty Flanagan
Executive Director / Section 95 Officer

Councillor Gary Mulvaney – Policy Lead for Finance and Commercial Services
Councillor Robin Currie – Policy Lead for Economy and Rural Growth
6 June 2022

APPENDICES

Appendix 1: SHF Income and Expenditure 2021/22

Appendix 2: Usable Capital Receipts

Appendix 3: Outstanding SHF Commitments

APPENDIX 1

SHF Opening Balance 2021-22 7,126,200

2021-22 INCOME

Income from Council Tax on Second Homes 2,136,353

2021-22 EXPENDITURE

RSL	Scheme	£	£
ACHA	Travelling Persons Site	31,639	
Total ACHA			31,639
LINK	Dunbeg, Phase 1	1,827,197	
Total LINK			1,827,197
WHHA	4 No Houses, Kirk Rd, Dunbeg	48,000	
WHHA	Bond Site, Jura	120,000	
Total WHHA			168,000
North West Mull Community Woodland Co	Ulva Ferry	72,000	
Total North West Mull Community Woodland Co			72,000

2,098,836

Other Spend

Empty Homes Grants 30,009

Housing OT Post 63,510

ABC Strategic Housing Staff 479,205

Total Expenditure

2,671,560

SHF Closing Balance 2021-22

6,590,993

APPENDIX 2

Strategic Housing Fund (SHF) 2021-22**Usable Capital Receipts (UCR)**

	£	£
<u>UCR Opening Balance 2021-22</u>		2,872,036
<u>2021-22 INCOME</u>		
HRA Revenue Interest on UCR Reserve	0	3,317
Disposal Receipts former HRA Property	0	2,500
		<u>5,817</u>
<u>UCR Closing Balance 2021-22</u>		<u>2,877,853</u>

APPENDIX 3

Outstanding Strategic Housing Fund Commitments

RSL	Scheme	Grant Approved	Total Drawn Down as at 31/03/22	Commitment Remaining
		£	£	£
ABC	Council Serviced Tenancies (SHQS)	572,000	57,623	514,377
ABC	Furnace Coastal Protection	69,000	57,784	11,216
ACHA	Oakhill, Tarbert	78,492		78,492
ACHA	Travelling Persons Site	30,000		30,000
WHHA	3 & 6 Kirk Rd, Dunbeg	48,000		48,000
WHHA	Colonsay	25,000		25,000
	Empty Homes	40,720	24,627	16,093
	Staff Costs	450,000		450,000
TOTAL		1,313,212	140,034	1,173,178

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND ECONOMIC
GROWTH****30 JUNE 2022**

STRATEGIC HOUSING FUND APPLICATION – ISLAND OF ULVA

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to update members on progress in relation to the refurbishment of 6 properties on the island of Ulva by the North West Mull Community Woodland Company (NWMCWC) and to request an additional Strategic Housing Fund payment to enable the delivery of the 6 affordable houses on the island of Ulva.

RECOMMENDATIONS

Members are asked to approve the sum of £90,663 from the Strategic Housing Fund. This is in addition to the £12,000 per unit (£72,000 in total) Officer mandate grant already approved from the Strategic Housing Fund for this project.

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND ECONOMIC
GROWTH****30 JUNE 2022**

STRATEGIC HOUSING FUND APPLICATION – ISLAND OF ULVA

2.0 INTRODUCTION

- 2.1 The North West Mull Community Woodland Company (NWMCWC) purchased the island of Ulva in 21st June 2018 via the Community Right to Buy process. The purchase price was £4.65 million with £4.25 million funding from the Scottish Land Fund. The remainder of the funding came from other sources such as private donations, local and internet based fund raising. One of the key actions of the NWMCW was to refurbish the 6 properties of the island of Ulva to assist with the repopulation of the island.
- 2.2 The Council has previously approved significant Strategic Housing Fund contributions to enable the delivery of affordable housing in areas of high housing need in the local authority. In November 2021, the Council approved £168,999 from the Strategic Housing Fund to enable the development of 5 affordable houses at Port Mor on Colonsay.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to approve the sum of £90,663 from the Strategic Housing Fund. This is in addition to the £12,000 per unit (£72,000 in total) Officer mandate grant already approved from the Strategic Housing Fund for this project.

4.0 BACKGROUND

- 4.1 In June 2018, the North West Mull Community Woodland Company (NWMCWC) purchased the island of Ulva via the Community Right to Buy process. The purchase price was £4.65 million with £4.25 million funding from the Scottish Land Fund. The remainder of funding came other sources such as private donations, local and internet based fund raising. Funding was put in place for a Development Manager, a part time Administrator, a Land Use survey, a Bio Diversity Action plan survey and initial design work for the housing refurbishment.
- 4.2 One of the key aims of the NWMCWC for Ulva is to repopulate the island from 5 residents to 20 residents in the first 10 years initially through renovating the

existing properties on the island. Work is also ongoing with ACHA to look at building 5 new affordable houses on the island by 2024. Bringing new people to Ulva will be both critical to developing a thriving and sustainable community and ensuring there are a range of skills to help deliver the projects proposed for the island. This fits well with the council's priority to increase our population.

- 4.3 In conjunction with the housing provision there are plans to restore and repurpose the listed buildings of Telford Church and Ulva House in due course and as funds permit.
- 4.4 Plans to return abandoned and neglected agricultural land to productive use have been implemented as part of a 5 year ACES programme (Agri Climate Environment Scheme). 34 Highland cattle were purchased in 2019, new stock fencing has been installed and some bracken control measures carried out. A new stockman is due to start work at the beginning of June 2022. An overall Land Management Plan has been developed and a full ecological survey of the island undertaken. An upgrade to the pier at Ulva Ferry is underway which will make it safer for the fishermen (there are 7 boats based there) and users of the Ulva Ferry.

5.0 DETAIL

- 5.1 NWMCWC is currently part way through the refurbishment of the 6 existing properties, at an estimated cost of £1.8M. All were deemed to be below the Tolerable Standard so required extensive work to turn them into modern and affordable housing stock. Essentially each property is being stripped back internally to the bare walls and rebuilt (including new roofs where necessary). All houses will be fully insulated, double glazed and new air source heat pumps are being installed to ensure they are as energy efficient as possible.
- 5.2 During the course of renovations it has become apparent that the existing septic tanks serving the properties have not been emptied for years and as a result are now broken beyond repair and not functioning. They all require to be replaced. This is outside the original scope of the works agreed for the refurbishments but critical to NWMCWC's ability to let the renovated properties.
- 5.3 Two new treatment plants, repairs and improvements to the existing sewerage system are required at a cost of £72,530. Due to Ulva's geology rock breaking equipment is required to prepare sites at both Fisherman's Cottage and Bracadale. The contractor has stated clearly that the costs are indicative, in so far as they cannot tell precisely how long it is going to take to remove the rock. The other issue that have raised concerns about is with regards the state of the present access tracks and their ability to get machinery of the required size and nature out to each location, in order to actually do the work. No provision has been made for any costs that would be associated with the repair/improvement/upgrade of these existing tracks.
- 5.4 These costs are inclusive of transportation of the units and appropriate site preparation equipment to the island. However, given that the extent of the excavations required and the ease with which it can be done, is at the time of

writing this report unknown (as articulated above), a 20% contingency sum of £18,133 has been added to the sum requested – this will only be issued to NWMCWC if required. In the event of the full amount not being required, the remaining funds will be returned to the Strategic Housing Fund.

6.0 FUTURE PLANS

- 6.1 It is important to acknowledge the new housing is not being taken forward in isolation and conforms to an approved masterplan. NWMCWC are putting in place plans to maintain and upgrade critical infrastructure on the island. A new UV water treatment unit is due to be installed by the end of June. This will provide sufficient capacity to cover projected increases in population levels and visitor numbers. Longer term, it has been recommended that the primary source for the water on Ulva be changed from the current spring source back to the original reservoir source, again so there is sufficient storage capacity to deal with increasing demand as the island population and the island economy grows. This will require NWMCWC to source additional funding at some point to cover the costs of repairing the existing reservoir and installing new pipe work and a settling tank.
- 6.2 Proposals for a new ferry with capacity to goods as well as passengers have been drawn up with assistance from a naval architect and it is hoped that this can go forward to an Islands Infrastructure Fund in the future. Having a new, fit for purpose boat will make the logistics of maintenance and development activities much easier as well as having a positive impact on the costs of undertaking such work in the future.
- 6.3 Any new housing built on the island in addition to the work that is already underway, will require to have its own sewage treatment system.

7.0 CONCLUSION

- 7.1 This report provides the detail of the additional works required to enable the delivery of 6 affordable homes on Ulva. The costs of this additional work are clearly set out in the report. The Ulva community have an ambition to grow their population and their economy following the purchase of the island. The provision of affordable housing in remote rural and island areas of Argyll is essential to the economic and population growth objectives of both the Ulva community and the Council.

8.0 IMPLICATIONS

- 8.1 Policy - Complies with the objectives of the Local Housing Strategy.
- 8.2 Financial - £90,663 will be required from the Strategic Housing Fund.
- 8.3 Legal - we have a statutory duty to deliver statutory housing functions

- 8.4 HR – none.
- 8.5 Fairer Scotland Duty: positive in terms of delivering affordable housing.
 - 8.5.1 Equalities - protected characteristics - none
 - 8.5.2 Socio-economic Duty - positive in terms of delivering affordable housing.
 - 8.5.3 Islands – positive in terms of delivering affordable housing on the islands
- 8.6 Climate Change – the upgrading of housing will have a positive impact for energy efficiency and climate change.
- 8.7 Risk – none.
- 8.8 Customer Service – none.

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

Policy Lead for Economy and Rural Growth: Councillor Robin Currie

Policy Lead for Islands and Business Development: Councillor Liz McCabe

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****30TH JUNE 2022**

UK SHARED PROSPERITY FUND – ARGYLL AND BUTE INVESTMENT PLAN

1.0 HEADLINES

- 1.1 The purpose of this paper is to seek approval from elected members on the proposed process to be taken by Argyll and Bute Council for the development and preparation of the required Argyll and Bute UK Shared Prosperity Fund (UKSPF) Investment Plan, further to the publication of the UKSPF [full prospectus](#) on 13th April 2022 and notification of the council's allocation of just under £4.5m (see **Table 1**).
- 1.2 As the UKSPF is a successor to the previous EU structural funds, it is viewed as a central pillar of the UK Government's Levelling Up agenda. The overarching aim of the UKSPF is to build pride in place and increase life chances across the UK.
- 1.3 Core UKSPF monies are aligned to three key investment priorities: communities and place; supporting local business; and people and skills, where each priority has predefined interventions, outputs and outcomes for the devolved nations. In addition to core UKSPF monies, the allocation includes a focus on 'Multiply' funding to support the delivery of an area-based adult numeracy programme.
- 1.4 UKSPF allocations have been published for all local authorities for delivery over three financial years, specifically the final five months of 2022-23 and the next two financial years, 2023-24 and 2024-25, until the end of March 2025. In particular, it should be noted that all allocations are required to be spent in-year. Regional allocations have also been published, which includes that for the Highlands and Islands Regional Economic Partnership (H&I REP), excluding North Ayrshire Council (see **Table 1**).
- 1.5 UK Government officials have confirmed during a webinar session for local government officers on 27th April that taking a regional approach is not a required prerequisite to access the funding allocations. That said, subject to a clear rationale, there will be scope to amend investment plans if regional opportunities arise during this funding period; although the process to do this has not been identified. Separate discussions on opportunities for future regional initiatives that could be funded by the UKSPF are being taken forward by H&I REP with key input from the H&I REP Senior Officers' Group.
- 1.6 A key requirement for the UKSPF investment plan is to take account of the wider funding landscape, existing programmes, other new funding opportunities and complementary interventions from other national or local schemes. Local authorities are responsible for the development and preparation of UKSPF investment plans, in conjunction with local partners/stakeholders. The investment plan needs to be approved

by the local authority (Council Leader, CEO and Section 95 Officer), with endorsement of support from the local MP and MSPs, prior to its submission. The UK Government will provide the final approval to unlock the funding allocations.

- 1.7 There are four types of delivery model stipulated for the UKSPF allocation: in-house provision; procurement of service provision; grants to public or private organisations and commissioning third party organisations. Guidance on delivery will be sought from the Council's Procurement Team.
- 1.8 The timescale for submission of these investment plans is extremely tight; the submission window is from 30th June to 1st August 2022, subject to being in receipt of additional guidance, yet to be published, and the work required to complete investment plans prior to the Scottish/local government July recess period.
- 1.9 In response to an officer request to the UK Government on the 31st May 2022, seeking an extension to enable the required political approval, a response was received (further to officers chasing this up) from UK Government officials on 17th June 2022. An extension can be granted for submission of investment plans until 1st September 2022. Any extension will result in the investment plan being signed off later, the allocation arriving later which may put more pressure on the in-year delivery, however, officers plan to submit the plan directly following Policy and Resources Committee on 11th August to minimise any impact where possible.
- 1.10 Further to a partner/stakeholder consultation event on 10th June 2022, due to an extension being required to enable the necessary political approval, consultees were advised to submit proposals for the entire period, but with a particular focus on those that could practically and realistically deliver the UKSPF allocation, including that for Multiply, for the remaining part of 2022-23.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Agree UKSPF Investment Plan should be pursued and delegate final approval to the Policy and Resources Committee on 11th August 2022.
- Agree that senior officers seek the required endorsement from the local MP and MSPs to support the Argyll and Bute UKSPF Investment Plan.

3.0 DETAIL

3.1 On 13th April 2022 the UK Government published the full prospectus of the UKSPF, a successor to the previous EU structural funds. The overarching aim of the UKSPF is to build pride in place and increase life chances across the UK. This encompasses four levelling up objectives and three investment priorities.

The levelling up objectives are:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;

- Spread opportunities and improve public services, especially in those places where they are weakest;
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost; and
- Empower local leaders and communities, especially in those places lacking local agency.

The Investment Priorities are:

- Communities and place;
- Supporting local business; and
- People and skills.

The interventions list can be found [here](#) and the objectives, outcomes and outputs can be found [here](#).

- 3.2 The UK Government has published individual council allocations of both core UKSPF funding and Multiply, as well as regional totals setting out how much is available across Regional Economic Partnership geographies, such as the H&I REP, as outlined in **Table 1** below.

Table 1: UKSPF Allocations			
Area	Core UKSPF	Multiply*	Total
H&I REP#	£19,967,429	£4,167,958	£24,135,387
Argyll & Bute	£3,719,068	£776,310	£4,495,379
Na h-Eileanan Siar	£1,857,693	£387,771	£2,245,463
Highland	£7,814,362	£1,631,153	£9,445,515
Moray	£3,570,112	£745,217	£4,315,329
Orkney	£1,467,768	£306,379	£1,774,147
Shetland	£1,538,426	£321,128	£1,859,554
<i>#North Ayrshire</i>	<i>£5,129,854</i>	<i>£1,070,795</i>	<i>£6,200,649</i>

* Multiply is an adult numeracy programme, which will support people with no or low-level maths skills get back into work. The scheme will offer free personal tutoring, digital training, and flexible courses to improve adults' confidence and numeracy skills. Full details on Multiply can be found [here](#)

North Ayrshire is not included in the Highlands & Islands allocation.

- 3.3 Each lead local authority will receive its annual allocation in advance, complete with £20k of initial capacity funding. In 2022-23, funding will be paid once the local investment plan has been signed off. For 2023-24 and 2024-25 payment will be at the start of the financial year. A more detailed summary of the Argyll and Bute allocation is outlined in **Table 2**, complete with the proposed 4% administration fee and the percentages of the allocation by year with the largest allocation for core UKSPF in 2024-25. It is a concern that the allocation for Multiply is 30.2% for 2022-23 which does not take into account the shorter timescale for delivery.

Table 2: Summary of Argyll and Bute Council Allocation (£)				
Core UKSPF	2022-23	2023-24 (2024-25	Total allocation
In-year allocations (%)	12.1%	24.3%	63.6%	
Argyll & Bute	£451,343	£902,686	£2,365,038	£3,719,067
4% admin fee	£18,054	£36,107	£94,602	£148,763

Multiply	2022-23	2023-24	2024-25	Total allocation
In-year allocations (%)	30.2%	34.9%	34.9%	
Argyll & Bute	£234,698	£270,806	£270,806	£776,310
4% admin fee	£9,388	£10,832	£10,832	£31,052
Total	2022-23	2023-24	2024-25	Total allocation
Argyll & Bute	£686,041	£1,173,492	£2,635,844	£4,495,377
4% admin fee	£27,442	£46,940	£105,434	£179,815

N.B. Figures subject to rounding

- 3.4 While this is a predominantly revenue fund, there is a minimum amount of capital that must be spent for each year. The minimum capital allocation for Argyll and Bute is outlined in **Table 3** below. It is up to the local authority to advise what has been deemed as capital funding.

Table 3: Minimum Capital Funding				
Capital minimum	2022-23	2023-24	2024-25	Total allocation
In-year % allocations	10.4%	12.5%	17.9%	
Argyll & Bute	£71,348	£146,687	£471,816	£689,851

- 3.5 Match funding is not a prerequisite and will not form part of the investment plan assessment criteria. However, lead local authorities are strongly encouraged to consider match funding from the private, public and third sectors and leverage options when selecting communities and place and supporting local business interventions to fund in order to maximise the value for money and impact of the UKSPF.
- 3.6 The indicative investment plan assessment period for the UK Government is July to September 2022, with anticipated investment plan approvals and first payments to local authorities from October 2022. Further details on the UKSPF and the associated process to develop and prepare investment plans are outlined in the full prospectus.

4.0 CONCLUSION

- 4.1 This paper seeks approval from elected members to approve the proposed process to be taken by Argyll and Bute Council for the development and preparation of the required Argyll and Bute UKSPF Investment Plan.
- 4.2 It is imperative that the local UKSPF investment plan for Argyll and Bute is developed and prepared in conjunction with local partners/stakeholders, with endorsement of support from our MP and MSPs and approved by the local authority. The investment plan should take into consideration the wider funding landscape, existing activities and programmes, other new funding opportunities and other complementary interventions from other national or local schemes. Partners/stakeholders are already engaged and have been submitting funding suggestions for consideration to prepare an initial draft investment plan.
- 4.3 Due to the tight timescales associated with the preparation of the investment plan, agreement and support is sought on the recommendations in this paper.

IMPLICATIONS

- 5.1 Policy - This project aligns with the proposals set the UKSPF [full prospectus](#)
- 5.2 Financial - Argyll and Bute Council has been given an allocation of just under £4.5m from the UKSPF to be spent by the end of March 2025. This is accompanied by £20k of capacity funding to assist in the development and preparation of the investment plan and the ability to use up to 4% of the allocation per annum to fund administration support.
- 5.3 Legal - All appropriate legal implications will be taken into consideration.
- 5.4 HR - Given the revenue nature of this fund, staffing requirements can be built in under activity to deliver the predefined interventions, outputs and outcomes.
- 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.
 - 5.5.1 Equalities - All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
 - 5.5.2 Socio-economic Duty - All project activities will comply with the council's socio-economic duty.
 - 5.5.3 Islands - Interventions under the UKSPF will be delivered across the Argyll and Bute area, including island communities.
- 5.6 Climate Change – There are a number of net zero and climate resilience interventions across all the UKSPF investment priorities.
- 5.7 Risk – If there is no agreement on the formal process for the development and preparation of the Argyll and Bute UKSPF Investment Plan in the associated tight timescale, with submission post the Policy and Resources Committee discussion, this could jeopardise the ability to submit a compliant investment plan to unlock the area's UKSPF allocation.
- 5.8 Customer Service – None.

Kirsty Flanagan, Executive Director responsible for Economic Growth
20th June 2022

For further information contact:

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Fergus.Murray@argyll-bute.gov.uk

Ishabel Bremner, Economic Growth Manager
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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****30TH JUNE 2022**

**BID4OBAN - APPROVAL OF BALLOT SUBMISSION AND DRAFT BUSINESS
PROPOSAL - THIRD BALLOT**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to ask Members to endorse the Oban Business Improvement District (BID4Oban) ballot submission and to note the Draft Business Proposal, Term Three, in support of the ballot. The proposed ballot is due to take place on Thursday 6th October 2022 (the ballot day). This will be a postal ballot and votes must be received by 5pm on the ballot day to be considered valid and included in the count.
- 1.2 The principle aim of the BID is to deliver projects and events to improve the trading environment for businesses, their customers and visitors. The draft business proposal informs levy payers on specific contributions required and outlines the proposed objectives, benefits and outcomes of a BID over a 5-year period. The draft business proposal also sets out how levy contributions will be used and details the assumed return from this investment.
- 1.3 If approved, the ballot will take place over 42 days, from Thursday 25th August to Thursday 6th October ('the ballot day') in 2022. If successful the levy could potentially raise £168,362 a year to be spent on Oban, and over 5 years this could be in excess of £841,810. BID4Oban have therefore proposed how these levy payments could be invested to further grow the economy of Oban, based on the success of the previous two terms of the BID4Oban delivery.
- 1.4 Through the provision of information and advice, Officers from Development and Economic Growth, Legal and Governance, Customer Services and Strategic Finance have supported BID4Oban in their development of this BID ballot submission. The BID4Oban Draft Business Proposal, Term Three, is attached at Appendix One. The draft business proposal represents the Oban Business Community's proposals for the most effective utilisation of the BID's levy, to support the continued development of Oban.

RECOMMENDATIONS

That the Council agrees:-

- a. To note the ballot request and the BID4Oban Draft Business Proposal, Term Three.

- b. To agree to delegate approval of the ballot request and final proposal to preserve the veto date of 28th July 2022, 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.
- c. To agree to instruct the Returning Officer to conduct a ballot over 42 days in 2022 from Thursday 25th August to Thursday 6th October ('the ballot day').
- d. To authorise the Executive Director with the responsibility for Development and Economic Growth to cast the votes on behalf of the council in favour of the BID.
- e. To agree that the Council will charge £7,956 (incl VAT) per annum, to BID4Oban for administering the levy charge to businesses in Oban, with charges thereafter increased annually. The first increase will apply on 31st October 2023 and annually thereafter for the subsequent term of the BID.
- f. To agree that, if BID4Oban are successful in the ballot, the Council will pay an estimated £6,120 per annum in levy contributions for Council properties in Oban.
- g. To note that if the BID group are successful in the ballot, two representatives from the Council would be requested to sit on the BID4Oban Board, one Elected Member and one Officer.

ARGYLL AND BUTE COUNCIL

COUNCIL

**DEVELOPMENT AND
ECONOMIC GROWTH**

30TH JUNE 2022

**BID4OBAN - APPROVAL OF BALLOT SUBMISSION AND DRAFT BUSINESS
PLAN - THIRD BALLOT**

2.0 INTRODUCTION

- 2.1 The purpose of this report is to ask Members to endorse the Oban Business Improvement District (BID4Oban) ballot submission and to note the Draft Business Proposal, Term Three, in support of the ballot. The proposed ballot is due to take place on Thursday 6th October 2022 (the ballot day). This will be a postal ballot and votes must be received by 5pm on the ballot day to be considered valid and included in the count.
- 2.2 The BID4Oban (BID) has successfully completed its second BID term with a number of key objectives delivered for the benefit of the town of Oban over the past ten years. The Draft Business Proposal, Term Three again sets out the governance, objectives, levy payments and benefits for business owners in Oban. In line with this, if the ballot is successful, the council will be required to pay an estimated annual levy charge of £6,120 over five years for Council properties in Oban.

3.0 RECOMMENDATIONS

- 3.1 That the Council agrees:-
- a. To note the ballot request and the BID4Oban Draft Business Proposal, Term Three.
 - b. To agree to delegate approval of the ballot request and final proposal to preserve the veto date of 28th July 2022, 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.
 - c. To agree to instruct the Returning Officer to conduct a ballot over 42 days in 2022 from Thursday 25th August to Thursday 6th October ('the ballot day').
 - d. To authorise the Executive Director with the responsibility for Development and Economic Growth to cast the votes on behalf of the council in favour of the BID.

- e. To agree that the Council will charge £7,956 (incl VAT) per annum, to BID4Oban for administering the levy charge to businesses in Oban, with charges thereafter increased annually. The first increase will apply on 31st October 2023 and annually thereafter for the subsequent term of the BID.
- f. To agree that, if BID4Oban are successful in the ballot, the Council will pay an estimated £6,120 per annum in levy contributions for Council properties in Oban.
- g. To note that if the BID group are successful in the ballot, two representatives from the Council would be requested to sit on the BID4Oban Board, one Elected Member and one Officer.

4.0 DETAIL

BID4Oban Business Plan

- 4.1 The BID4Oban (BID) has successfully completed its second BID term with a number of key objectives delivered for the benefit of the town of Oban. The draft business proposal informs the Council and other levy payers with regard to the merits of continuing the BID initiative which has been in operation for the last ten years.
- 4.2 The principle aim of the BID is to deliver projects and events that will improve the trading environment of the BID area to benefit businesses operating in the town of Oban, their customers and the many visitors to the town. The Draft Business Proposal, 16.06.2022 (appendix 1) sets out the main objectives, benefits and outcomes of the BID board to be delivered over the next five years of operation. It informs the council and other levy payers on the level of their contribution, how this will be collected, and what the levy payers will see in return for their investment. The likely income and expenditure is included in the Plan as well as management and governance mechanisms. A process of consultation with levy payers has and continues to be undertaken by the BID. The final business proposal is expected to be submitted by 13th July and it is recommended that the Council agrees to delegate approval of the ballot request and final proposal to preserve the veto date of 28th July 2022, to the Executive Director with the responsibility for Economic Growth, in consultation with the Leader of the Council, the Deputy Leader and the Leader of the Largest Opposition Group.
- 4.3 The benefits of the levy are that it could potentially raise £168,362 a year to be spent in Oban, and over 5 years this could be in excess of £841,810. This would allow local businesses to spend money on their priorities that will work alongside future council and key partner activity.

BID4Oban Process

- 4.4 The ballot submission sets out the BID ballot process. It is proposed that the ballot will open for 42 days in 2022 from Thursday 25th August to Thursday 6th

October ('the ballot day'), with the ballot papers being counted on Friday 7th October 2022 and the results published within one week of this date. This will be facilitated by Argyll and Bute Council.

- 4.5 For the BID to be successful the ballot has to demonstrate a minimum 25% turnout and of those that vote, over 50% by number and 50% by combined rateable value must vote in favour of the bid.
- 4.6 If successful, the third term of the BID will commence again on 1st November 2022 and will run for a period of five years until the 31st October 2027.

Council Commitment and Finances

- 4.7 The Council has committed both local Elected Member and local officer time to the BID over the past ten years. If the BID ballot were successful, BID4Oban would again request two representatives from the Council to sit on the BID Board, one Elected Member and one officer.
- 4.8 If the ballot is successful then Argyll and Bute, as a levy payer, will be required to pay levy on its properties in Oban. This estimated contribution is £6,120 per annum.
- 4.9 If the ballot is successful the Council will charge BID4Oban £7,956 (incl VAT) per annum, for administering the levy charge to businesses in Oban, with charges thereafter increased annually. The Operating Agreement states that "The Council's charge for the provision of the Services on an annual basis will be £6,500 (excluding VAT) (the "**Council Annual Charge**"), representing its reasonable administrative costs in providing the Services (to be identified and agreed between the Council and the BID Company) yearly, and having effect on the 31 October of each year for which a BID is in place. Charges will be increased annually by CPI based on the increase over the last 12 months. Following receipt by the BID Company of a valid VAT invoice, the first payment will be due together with VAT within 4 weeks of receipt, or later by agreement." The Council's charging price noted above is based on October 2022 and will be updated by CPI annually.

5.0 CONCLUSION

- 5.1 BID4Oban has been highly successful over the last ten years of operation with a significant number of initiatives and projects carried out that are in addition to statutory and non-statutory council services. The BID4Oban Board, following consultation with levy payers, has decided to ballot for a third term of five years and have prepared a draft business proposal (attached as an Appendix to this report) that identifies their objectives for the next five years. If successful this process will allow the work of the BID to continue in relation to the improvement and promotion of Oban, adding to the work undertaken by the council and a range of other partners drawn from across the sectors. This report recommends that the Council approve the ballot request, and note the BID4Oban Draft Business Proposal, Term Three, attached as Appendix 1 and associated financial requirements and agree to delegate approval of the ballot request and

final proposal to preserve the veto date of 28th July 2022, 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.

6.0 IMPLICATIONS

- 6.1 Policy – Supports the delivery of the Local Outcome Improvement Plan and the Council’s Economic Strategy and Economic Recovery Plan.
- 6.2 Financial - The estimated Council levy payment will be £6,120 per annum for a period of 5 years as a budget pressure from the general unallocated fund. The Council will charge £7,956 (incl VAT) per annum to the BID4Oban for the collection and administration of the levy, with charges increasing on an annual basis.
- 6.3 Legal - Facilitation of ballot.
- 6.4 HR - Council officers are supporting the Oban BID. Two Council representatives, one Elected Member and one Officer will be requested to attend BID4Oban Board meetings.
- 6.5 Fairer Scotland Duty
 - 6.5.1 Equalities –protected characteristics – None.
 - 6.5.2 Socio-economic Duty - The BID aims to reduce inequalities of outcome caused by socio-economic disadvantage in Oban and represents the collective responsibility to grow the Oban economy.
 - 6.5.3 Islands - This BID will encompass the whole of Oban.
- 6.6 Climate Change - The draft business plan will take environmental impact into consideration in the delivery of projects.
- 6.7 Risk – The ballot may be unsuccessful.
- 6.8 Customer Service – None.

Executive Director with the responsibility for Development & Economic Growth
– Kirsty Flanagan

Policy Lead for Economy and Rural Growth – Councillor Robin Currie

May 2022

For further information contact:

Fergus Murray, Head of Development and Economic Growth
Fergus.Murray@argyll-bute.gov.uk

Appendix 1 – BID4Oban Draft Business Proposal, Term Three

**BID4Oban Limited Full Town BID
Business Improvement District
Business Proposal**

DRAFT

BID Term 01/11/2022 -31/10/2027

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Business Proposal

BID Proposal Compliance with Legislation

In accordance with Business Improvement District (Scotland) legislation we acknowledge, as the BID Proposer, we must submit to Argyll and Bute Council and Scottish Ministers the following in respect of BID Proposals, Renewal Proposals and Alteration Proposals: -

1.0 A document, which demonstrates a cross section of at least 5% of the electorate, within the BID area supports the BID Proposals.

Please refer to Appendix 1 (Support for the BID) and Section 7.2 Business Survey on page 17 of this Proposal. Following the surveys of the businesses our canvassing confirmed the number of eligible persons (those eligible to vote in the ballot) 28 by number and 5.2% by rateable value were in favour of the BID.

2.0 Summary of the consultation the BID has undertaken with those eligible to vote.

The BID4Oban BID Board oversaw the process of consultation with the businesses. The consultation took the form of hard copy surveys, meetings and events, letters, telephone calls, newsletters, e-newsletters, e-mails, local newspaper reports, website, social media and one to one consultation.

Please refer to Appendix 2 (Details of Consultation) and Section 7.0 The Consultation Process on page 16 of this Proposal for a summary of the consultation.

3.0 The Proposed Business Plan

A copy of the BID Business Plan will be issued to all those eligible to vote in the ballot. Please refer to Appendix 3 (BID Business Plan).

4.0 The Financial Arrangements of the BID body.

Please refer to Section 13.2 Financial Management Arrangements on page 28 of this Proposal.

5.0 The Arrangements for periodically providing the LA and billing body with information on the finances of the BID body (i.e., after a successful ballot)

The BID finances will form an integral part of a monthly report issued to the BID Board of Directors. Two representatives from Argyll and Bute Council will sit on the BID Board and will automatically be provided with the BID finance details. It is also expected that regular finance meetings with Argyll and Bute Council will be held. An independent review of the BID finances will also take place through an independent auditor.

6.0 The names and addresses of all those eligible to vote and a description (address) of each relevant property.

Business Proposal

Please refer to Appendix 4 (Database).

7.0 A notice in writing requesting that the local authority hold the ballot.

In accordance with legislation, the attached 56-day letter (Request to Hold a Ballot) will be issued to Argyll and Bute Council by the Chair, or nominated representative, of the BID4Oban Board no later than 14/6/2022 Please refer to Appendix 5.

8.0 Provide the LA and billing body with such information as they shall reasonably require satisfying themselves the BID Proposer or BID body has enough funds to meet the costs of the BID ballot.

BID4Oban Board has agreed in their letter of 16/6/2022 to the Argyll and Bute Council to pay for the costs of the ballot. Please refer to Appendix 8.

9.0 A statement of the works or services to be provided, the name of the person responsible or body for the implementation (delivery) of these works and services and the status of such person/s; both on and after the date the BID Proposals come into effect.

Please refer to Appendix 3 (BID Business Plan) for the proposed works and services.

On a successful renewal ballot outcome, the BID4Oban BID Company (a not-for-profit company limited by guarantee with no share capital) will continue, as before, with directors elected from the eligible persons (the levy payers), limited to one eligible person from each eligible property. The directors will oversee and give direction to the delivery of the projects and services; and renew current staff contracts to ensure the continued delivery of the BID projects and services. For full details please refer to section 6.3 Management of the BID on page 15 of this Proposal.

10.0 A statement of existing baseline services provided by the local authority, police and other agencies.

Please refer to Appendix 6 (Baseline Services).

11.0 A precise description of the geographical area of the BID, including a map, which defines exactly the boundaries of the BID area.

Please refer to Section 5.1 The BID Map and Streets on page 12 of this Proposal for a GIS map and a list of the streets and roadways in the BID area.

Business Proposal

12.0

The projects specified in the BID Proposal (Please refer to Section 13.3 BID4Oban Ltd BID Projected Income and Expenditure on page 28) have been identified and the levy calculated and apportioned to deliver the projects as defined in the Proposed Projects section of this Proposal.

It is expected that the BID will attract additional funding from other sources including the local authority however, this has not been allowed for at this stage.

13.0 A statement of which aspects of the BID Proposals and or Business Plan may be altered without the need for an alteration ballot to be undertaken.

The BID Board of Directors will have the authority to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the levy payers and without recourse to an alteration ballot.

Please refer to section 6.3 Management of the BID on page 15 of this Proposal for the statement.

14.0 A statement of the proposed start and end dates of the BID Arrangements and the term of the BID. The BID arrangements must commence no later than a year after the date of the statement.

Following a successful renewal ballot on 6/10/2022 the BID4Oban BID will continue its activities to the end of the existing term 31/10/2022 and continue onto a third term from 1/11/2022 As the BID4Oban BID will be for a term of five years, it will cease its activities on 31/10/2027.

15.0 BID Proposals shall specify the apportionment of BID levy in respect of relevant properties and who will be liable to pay the levy: - proprietors, tenants, occupiers or if appropriate a specific business sector or sectors or businesses who will participate. It is advisable to include caps, thresholds, or other arrangements reflecting local circumstances or ability to pay.

The BID improvement levy will be paid by the occupier (the eligible person liable to pay the non-domestic rate), however, the property owner will be liable to pay the levy where a property is vacant or empty on the day the levy invoice is issued and for all the period thereafter when the property is vacant.

Please refer to Section 9 The BID Levy on page 19 of this Proposal for full details of the BID Levy.

16.0 Confirmation the levy is to be calculated as a % of the RV or how the charge was arrived at.

It has been agreed by the BID Board, (please refer to the meeting minute dated 14/6/2022 Appendix 9) the levy rate will be a fee structure based on the rateable value of the property on the day of the ballot 6/10/2022 and throughout the 5-year term of the BID. Please refer to Appendix 10 (Operating Agreement)

Business Proposal

and Section 9 The BID Levy on page 19 of this Proposal for full details of how the charge was arrived at and details of the BID Levy.

17.0 Confirmation the % levy or fee is to be calculated on the RV of the property on the date of the ballot or, if not, another date that is the date, which will be used to calculate the levy or fee over the term of the BID.

The fee structure is based on the rateable value of the property on the day of the ballot 6/10/2022.

Please Refer to Section 9 The BID Levy on pages 19 to 21 of this Proposal for full details of the BID Levy.

18.0 The apportionment of the levy between proprietors, tenants and occupiers – providing the BID is including tenants and proprietors in its proposals.

The occupier (the eligible person liable to pay the non-domestic rate) will be liable for the payment of the levy.

The BID Proposal does not include proprietors (property owners) except where the eligible property is vacant or empty when the property owner will be liable for the payment of the levy.

Please Refer to Section 9 The BID Levy on pages 19 to 21 of this Proposal for full details of the BID Levy.

19.0 A statement as to how the BID Board arrived at who will pay the levy, the percentage levy and how the levy will be split between proprietors, tenants and occupiers.

The BID Board set the levy fee; the streets included in the BID and voted on who will pay the levy. A copy of the minutes of the meeting 14/6/2022 at which this was decided is attached as Appendix 9. The geographic boundary is based on the geographic 30mph zone of Oban, this encompasses the entire town. The levy amount is based on the amount required to carry out the projects in the business plan and discussions with businesses on what they believe is reasonable. The levy will be paid by the occupier (the eligible person liable to pay the non-domestic rate).

The decision to adopt the levy table and BID area was taken with the agreement of all the members of the BID Board. Please refer to Appendix 9 (Board Minutes) and Appendix 7 (Board Agreement.)

Please also refer to Section 9 The BID levy on page 19 of this Proposal for full details of the BID Levy.

20.0 Whether any future re-assessment of RV of the property by the Rates Assessor will or will not be taken into account in the calculation of the levy

Business Proposal

It has been agreed by the BID Board, the levy will be calculated on the Rateable Value of the properties in the BID area on the day of the ballot and will not change during the 5-year term unless there is a property rates revaluation in which case the levy will be re-calculated and based on adjusted property rateable values.

21.0 A statement on why groups or individual businesses are exempt or receive a levy discount

Please refer to Section 9.2 Exclusions on page 20 of this Proposal for full details of all exemptions to the levy. The BID Board agreed (please refer to Appendix 7 Board Agreement and Board Group Minutes Appendix 9) the properties exempted would receive no benefit from the BID projects and services.

22.0 A statement on whether the levy will be index linked.

The BID levy will not be index linked.

23.0 A statement on whether any of the costs incurred in developing the BID Proposals, holding of the ballot, or implementing the BID arrangements are to be recovered through the BID levy.

None of the above costs will be recovered through the BID levy.

24.0 The constitution of the BID Company and its legal status. A statement on who will administer the BID, details regarding the BID board and the BID body and those who drew up BID Proposals and Business Plan.

Please refer to section 6.3 Management of the BID on pages 15 - 16 of this proposal for details on how the BID Company will continue to be administered.

The BID4Oban BID Company a Company Limited by Guarantee and Not Having a Share Capital will continue to be administered by the Board of Directors who will be drawn from the eligible persons (liable to pay the levy) but restricted to one eligible person per eligible property. Nominations of directors from outside of the BID, who do not pay the levy and who may or may not represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors. The projects services will continue to be delivered by the existing BID team. For full details please refer to Section 6.3 Management of the BID on pages 16 - 16 of this Proposal document. Andrew Spence the Chief Executive prepared the BID Proposals and Business Plan in full consultation and support from the BID4Oban BID Board.

25.0 The methodology for BID levy payers to nominate themselves or others to the BID Board of Directors and the proposed make-up of the BID Board.

Business Proposal

Every eligible person, who is liable to pay the levy, will have the opportunity to nominate themselves or someone else from within the BID area to be elected to the BID Board. Directors will be limited to one eligible person per eligible property. Nominations of directors from outside of the BID, who do not pay the levy and who may or may not represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors.

Please refer to section 6.3 Management of the BID on page 15-16 of this Proposal for full details on how levy payers can participate on the Bid4Oban Company Board of Directors.

26.0 A statement on how the BID Proposals will be publicised prior to the ballot.

The BID Proposer will send a copy of the BID Business Plan to all persons eligible to vote on the BID Proposals. This will be sent electronically and posted in hard copy along with ballot papers. Should any eligible person require a copy of the BID Proposal, a copy will be provided on request. The Business Plan will also feature prominently on the BID4Oban BID website at: - www.bid4oban.co.uk

Business Proposal

1.0 Foreword by Antony Cave BID Chair

I am delighted to present this renewal proposal, which outlines your priorities and gives a taste of how we can continue to improve and make Oban even better by working together.

A BID is where businesses, within a defined geographical area, vote to invest collectively in local improvements over and above those provided by statutory authorities. It is a partnership arrangement where the local business community and the statutory authorities work together on projects that will benefit the local economy and local businesses.

Continued support BID4Oban provides a great opportunity to work together and make the changes we all want. The cost to our businesses is low and through BID4Oban we can maintain access to external assistance and funding not available to individual businesses.

All the proposed improvements were ideas initially from you, which came out in our surveys and consultations. Every business in the area has had the opportunity to let us know what their priorities are.

By getting involved in BID4Oban, we can keep working together to increase footfall, stimulate investment and enhance the reputation of our town. The purpose of the BID4Oban is to support our businesses and our community, increase trade, improve our business environment, and make Oban an altogether better place to live, work and of course play.

You can find more information on our website www.bid4oban.co.uk , or for more general or national information refer to [Home - Scotland's Improvement Districts](#)

A notice of ballot will be sent to all eligible persons (those eligible to vote in the ballot) on or before 25/8/2022 along with ballot papers. Those eligible to vote will have 6 weeks to cast their vote before the ballot closes at **5pm on 6/10/2022** Ballot papers received after this date and time will be null and void and not be counted.

I have been involved in business in Oban for several years and know a lot of the businesspeople in the area. I would ask you all to vote YES so that we can work together to continue to make Oban the thriving prosperous business community we have become accustomed to.

Chair – Antony Cave
Craigard Décor
Craigard Road, Oban

“Business” or variations of the word “business” are used throughout this document. The word “business” in this context refers to property owners or tenants and occupiers of properties who are liable to pay the non-domestic rate (NDR), whether they pay business rates or not. This includes all properties listed on the

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Scottish Assessors Association Portal (website) with a non-domestic ratable value, many of whom may be a charitable organisation, public sector organization, social enterprise or community group who may not consider themselves to be a business

2.0 Executive Summary

2.1 Mission Statement of the BID4Oban BID

BID4Oban – Your local approach to business.

2.2 Aims and Objectives of BID4Oban

The objectives of the BID are:

- To improve the economic opportunities for the businesses in the town
- To increase footfall, both local and visitor
- To make the BID “cost neutral” for each business
- To address the issues of individual sectors
- To improve businesses relationships with each other, the local authority and the community
- To market the town to a local, regional, national and international audience
- To give businesses a strong, unified voice
- To support local voluntary groups whose aims align with the BID
- To work closely with the local Tourist Association (AITC) to increase awareness of the town outside the local area

2.3 Key Findings

The BID4Oban Board of Directors has overseen considerable research to discover what the businesses of Oban would like the BID to continue to deliver. The research established the continued need and desire for the BID and confirms that the following key aspects have been completed to deliver a successful re-ballot and a successful second term.

- The need for BID4Oban and for it to continue with its activities is strongly identified
- A significant number of businesses deem the BID as essential for the continued prosperity of the town
- The BID4Oban area is logical and clearly defined.
- Support of the Local Authority at both officer and political level.
- The BID levy alone is sufficient to deliver the projects in the business plan.

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3.0 Introduction

3.1 What is a Business Improvement District (BID)?

A Business Improvement District (BID) is a geographically defined area, where businesses come together and agree to invest collectively in projects and services the businesses believe will improve their trading environment. BID projects are new and additional projects and services; they do not replace services that are already provided by Argyll and Bute Council and other statutory bodies.

BIDs are developed, managed, and paid for by those who are liable to pay non-domestic rates (NDR) by means of a compulsory levy, which the eligible persons in the proposed BID area must vote in favour of, before the BID can be established. Each eligible person liable to pay the BID levy will be able to vote on whether the BID goes ahead.

3.2 Background to BIDs

The first BID was established in 1970, in Bloor West Village, Toronto, Canada, by the district's business community. The district's businesses were increasingly coming under pressure from new enclosed shopping malls being developed outside their area, diverting shoppers away from the traditional shopping area. As a result, some businesses were forced to cease trading and the area began to look tired and neglected

To stop the haemorrhage of deserting shoppers, local businesses fought back to revitalise the area. They successfully lobbied for legislation for all the businesses, in the proposed BID area, to pay a levy. The levy money was used to improve the physical appearance of the area, and then promote the district as a vibrant, attractive, and safe place to work, shop and live. The strategy paid off and shoppers started to return to the district in large numbers.

The success of the Bloor West Village BID paved the way for future BIDs, not only in Toronto; but spreading throughout Canada, and the USA in the late 1960's and 1970's. Today there are well over 1800 successful BIDs worldwide.

An additional measure of BIDs success is in the renewal process. Most BIDs run for a period of five years with the vast majority continuing, for consecutive terms, when they come up for renewal. Currently, there are 36 BIDs in their second or third BID terms equating to 35 successful renewal ballots demonstrating the businesses value the projects and services delivered by the BIDs.

BIDs can support regeneration, grow local economies, create local employment, and create a cleaner, safer trading environment. A key element to their success is that the local businesses take ownership and responsibility for their trading environment, identifying the projects necessary to resolve common problems and issues, and overseeing their implementation, whilst also contributing to the future direction of the town and its future development.

The Scottish Government fully supports the development of BIDs in Scotland.

As at 14/6/2022 there are 35 fully operational BIDs in Scotland with a further 30 in development.

Business Proposal

4.0 Oban's Position

4.1 Why does Oban continue to need a BID?

If we do nothing, then nothing will be done.

Oban has experienced significant changes over recent years. From the cutbacks in local authority budgets, to the increased traffic in the town due to RET, and the increased pressure that it is putting on the town's limited parking provision. In the last 10 years BID4Oban has worked tirelessly on behalf for the businesses in the town and the broader local community.

There are currently 36 operational and 19 developing BIDs in Scotland. Should Oban not continue to enjoy the advantages that the BID project brings to the town?

Traffic management and access issues are a problem for a lot of businesses. The continuing rise of energy costs, the new rateable values and are putting more pressure on businesses. Oban requires a coordinated response from all businesses to address these problems.

The retail sector has suffered and the growth of online shopping, however we are fortunate that having a strong tourist trade has helped to mitigate that blow. However, in order to keep those tourists and shoppers coming to Oban we have to maintain a vibrant, clean and attractive town and continue to lead and support events and activities that encourage visitors to come in the shoulder months in increasing numbers and so extend the season. In addition, we have to work with and occasionally lobby the local authority to ensure that local strategies do not negatively impact on this trade.

After consultations with businesses from a range of sectors and geographic locations, it became clear there was commonality in the problems that they had. There is a continued desire to see Oban prosper and a real appetite to embrace a new way forward and to change and make improvements.

There are lots of voluntary groups in the town, there is no shortage of community spirit and can do attitude! However, these groups can suffer from a lack of funds and dedicated staff time. The BID is the opposite of this. It can help local groups to achieve more with staff resources and access to funding, and provide the adhesive that helps all types of local groups need to deliver better results both for their groups and to the benefit of the wider community.

There is a desire from a range of sectors to see the town improve its marketing activity. The BID will work directly with AITC (Argyll and the Isles Tourism Cooperative), under a memorandum of understanding, with a defined budget to deliver a number of key projects. BID4Oban will also work with local environment groups. This will help to improve the overall appearance of the town for the benefit of locals and visitors alike. In addition we will improve the bio-diversity of the town and assist the local authority to adopt greener environmental strategies that will be sustainable due to overall savings made.

The BID provides a unique opportunity for local businesses across all sectors to work together, invest collectively and undertake projects which can contribute positively to improving the economic viability of businesses in the town and securing investment in the town.

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4.2 The History of BIDs in Oban

The concept of a BID in Oban was first discussed in 2008, the decision was taken by the steering group that dedicated staff time and increased investment were required for the town to maintain its competitiveness and build on the number of visitors coming to the area. After a lot of hard work by the original steering group in 2012 a ballot was held and BID4Oban came into being. A successful renewal ballot was held in 2017. The BID has operated for 10 years as a not-for-profit limited company with a dedicated and independent board of directors. The support of the Scottish Government and Argyll and Bute Council has been integral to the success of this project.

4.3 How does Oban benefit from a BID?

All businesses in the Oban benefit from the projects and services the BID currently delivers: -

Support for existing groups and organisations

- An improved customer perception of accessibility and parking availability
- Improved customer knowledge of goods and services in the town of Oban
- Increased marketing to local, regional, national, and global customers
- Access to funding to reduce property improvement costs
- Cost reduction through professional negotiation on utility bills
- Cost reduction through collective investment and joint promotion
- An increased number of visitors
- Access to funding and support not available to individuals or businesses
- A local voice for businesses - business opinions included in local policy and local developments.
- Better trained staff to improve customer service
- Increased B2B sales opportunities
- Increased networking opportunities
- Improved signage
- Increased use of technology to solve local problems
- Projects to increase shop diversity and lower vacant unit rates
- A continued safe trading environment with increased sense of security and less stock loss

4.4 Local Authority Support

A BID is a business led regeneration strategy, which contributes to the wider regeneration aspirations of the public sector and the local community. It is essential the BID has the support of the local authority and access to its expertise over the BID term.

Argyll and Bute Council is supportive of the BID with 1 elected member attending BID Board meetings and support given by 1 council officer.

A crucial element of a BID is to review the current Baseline Service Agreement (an agreement on which services are already provided to the area by Argyll and Bute Council), to ensure any project or service provided by the BID is additional to the statutory services the local authority already provides.

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Argyll and Bute Council shall (under section 41 of the Representation of people Act 1983 and The Business Improvement Districts (Scotland) Regulations 2007) undertake and manage the postal ballot.

5.0 The BID Area

The proposed BID area is the entire town falling within the 30 mph limits: from the entrance to the top of the town on A85 at the Bealach an Rìgh, to Ganavan along Esplanade, along Gallanach Road past Glenmore Road, along Glencruitten Road past the golf course, along Glenshellach Road near the police houses, to the A816 exit to Lochgilphead on Soroba Road.

The BID team have calculated that this equates to circa 564 properties, (circa 386 individual businesses) the eligible person of which will be entitled to vote on 6/10/2022 Following a successful ballot all eligible persons within the BID area will be required to pay the BID levy.

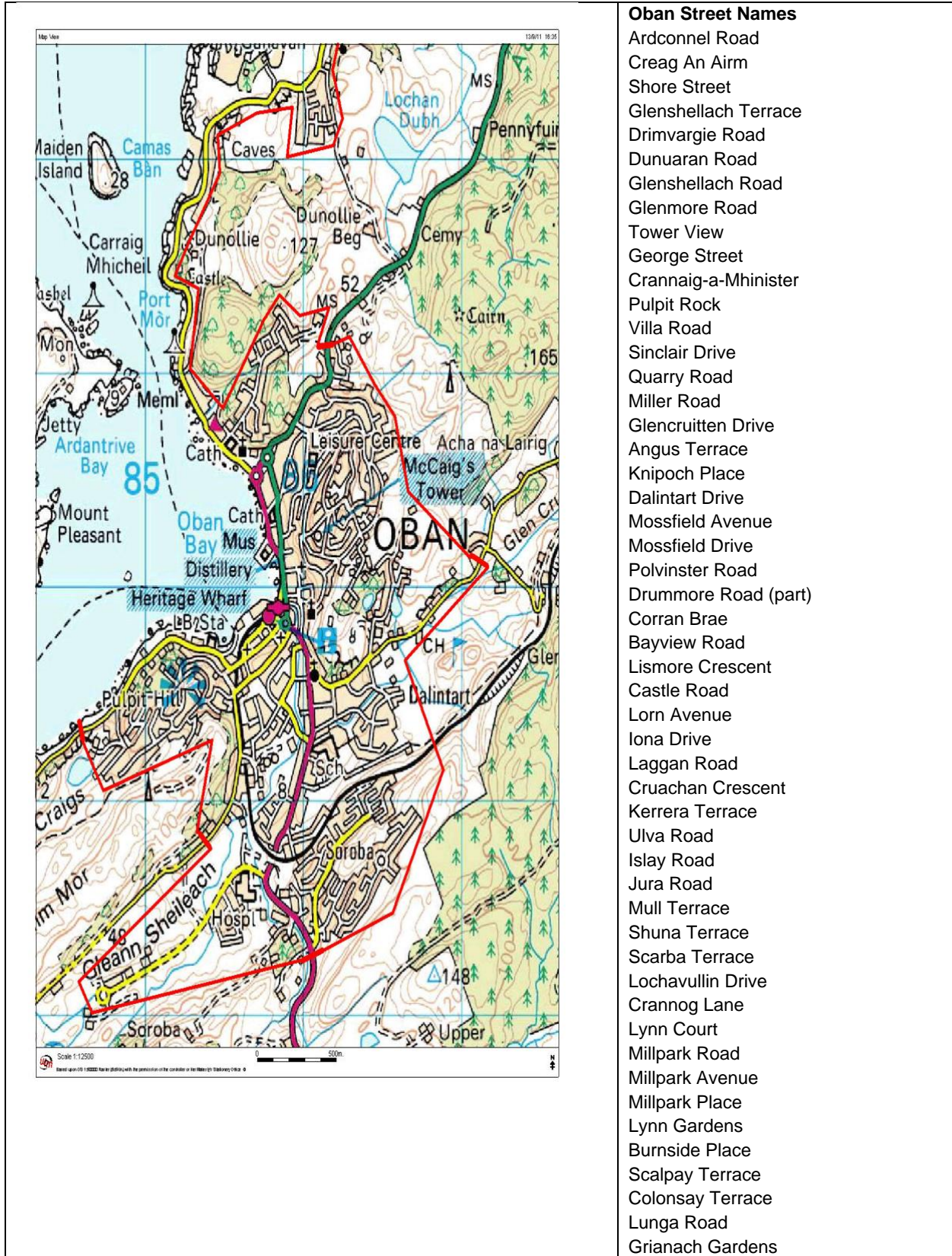
5.1 The BID Map and Streets

Why was this area chosen?

The reason that this area was chosen was that as the whole town benefits from the work of the BID either directly or indirectly it is only fair that all should contribute and reducing individual contributions and spreading the load throughout all the beneficiaries of the project.

Business Proposal

BID4Oban MAP



Oban Street Names

- Ardconnel Road
- Creag An Airm
- Shore Street
- Glenshellach Terrace
- Drimvargie Road
- Dunuaran Road
- Glenshellach Road
- Glenmore Road
- Tower View
- George Street
- Crannaig-a-Mhinister
- Pulpit Rock
- Villa Road
- Sinclair Drive
- Quarry Road
- Miller Road
- Glencruitten Drive
- Angus Terrace
- Knipoch Place
- Dalintart Drive
- Mossfield Avenue
- Mossfield Drive
- Polvinster Road
- Drummore Road (part)
- Corran Brae
- Bayview Road
- Lismore Crescent
- Castle Road
- Lorn Avenue
- Iona Drive
- Laggan Road
- Cruachan Crescent
- Kerrera Terrace
- Ulva Road
- Islay Road
- Jura Road
- Mull Terrace
- Shuna Terrace
- Scarba Terrace
- Lochavullin Drive
- Crannog Lane
- Lynn Court
- Millpark Road
- Millpark Avenue
- Millpark Place
- Lynn Gardens
- Burnside Place
- Scalpay Terrace
- Colonsay Terrace
- Lunga Road
- Grianach Gardens

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	McCaig Road Lonan Drive Aray Gardens Orchy Gardens Nant Drive
Oban street names (cont.) Ure Gardens Coe Gardens Etive Gardens Feochan Gardens Lawe Road Nelson Road Campbell Crescent Glencruitten Road Albany Street Gallanach Road Alexandra Road Corran Esplanade Ganavan Road Rowan Road Deanery Brae Croft Road Croft Avenue Longsdale Crescent Longsdale Terrace Hazeldean Crescent Longsdale Road Dalriach Road Dalriach Park Terrace Benvoullin Road Duncraggan Road Laurel Road Laurel Crescent Rockfield Road Ardconnel Terrace Hill Street Tweeddale Street Stevenson Street Argyll Street Stafford Street Craigard Road Albert Road John Street Nursery Lane Albert Lane Park Hotel Lane Breadalbane Street Breadalbane Lane William Street North Pier Airds Crescent	Creran Gardens Gibraltar Street Market Street Lochside Street Star Brae Lochavullin Road Soroba Lane High Street Campbell Street Station Road and Queen's Park Place Soroba Hill Road Lynn Road Mill Lane. Lochavullin Glencruitten Court Glengallan Road The Greens, Glencruitten Pulpit Drive Pulpit Road Glenshellach Business Park Roads Taylor's Brae Jacob's Ladder School Brae Ben Cruachan View Haggarts Brae (Footpath) Glengallan Drive Balvicar Road Craighouse Avenue Soroba Road Combie Street Argyll Square Morvern Hill Glenshellach Industrial Estate Road Glenshellach Buisness Park Footpath Glencruitten Rise Creag Bhan Village No's 1-28 Creag Bhan Village No's 29-60 Skerryvore Gardens Hyskeir Gardens Hynish Crescent Benvoullin Gardens McCall Terrace Corelli Court Davaar Gardens Fladda Road Polvinster Gardens Rhuvaal Road

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There are circa 564 Properties located in the BID area.

6.0 BID Management

6.1 BID Staff

The BID Manager is Andrew Spence (Chief Executive) and is accountable to the BID Board.

6.2 BID Board

The Board is made up from a cross section of the business community in the area and includes one locally elected councillor. The Board provides direction to the management of the BID and BID development staff. Advice is also given by Fergus Murray, Argyll and Bute Councils Head of Economic Development. The members of the board are as follows

Name	Sector
Antony Cave	Retail
John Forbes	Construction
Ian Clunie	Tourism
Gregor MacKinnon	Hospitality
Fergus Murray	A&B Economic Development
Jim Lynch	Council

6.3 Management of the BID

Following a successful yes vote, the management and operation of the BID will continue under the existing company structure and name, BID4Oban Ltd company number 435469, which will operate from 1/11/2022.

The Company will continue to be managed by its Board of Directors operating in an open and transparent way and answerable to the businesses in the area. The Directors are committed to the highest standards of management, governance, and accountability; recognizing good governance helps deliver the strategic objects of the company.

There will be a detailed set of protocols (the Operating Agreement) which will cover, as well as other items, the billing, collection, and transfer of the levy to the Company.

The Board of Directors may consist of up to twelve directors, of which there are currently 6 in office. An active campaign will be launched during and after the successful ballot to recruit additional directors to the Board. Every eligible person that pays the levy will have the opportunity to nominate themselves or

Business Proposal

someone else from within the BID area to be elected to the Company Board but limited to one eligible person from each eligible property.

Nominations of directors, representatives, or advisors from outside the BID, who **do not** pay the levy and **who may or may not** represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors.

The Company will continue to be run by the businesses for the businesses. This Board will be responsible for all decisions relating to staff, contracts, the delivery of the approved business plan and other activities generated by the BID.

The Board will be representative of the businesses and stakeholders in the area. The Chair, Vice Chair and Finance Director will be elected from the directors of the Board. The Board will include two representative from Argyll and Bute Council. Other non-voting members or local groups may be co-opted onto the Board at the Board's discretion.

The BID Company Board will have the authority to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the levy payers and without recourse to an alteration ballot.

Additionally, the BID Company Board reserve the right to consider creating a charitable arm of the company to enable it to secure additional funding, which can only be sourced with charitable status.

7.0 The Consultation Process

7.1 Introduction

An initial consultation was undertaken with a cross section of businesses in the form of one-to-one interviews, which will lead to the creation of a bespoke questionnaire, which will be distributed to all businesses in the BID area.

The questionnaire survey will be supported by one-to-one consultation.

The overall aim of the consultation is to assess opinions on initiatives to further enhance and improve the BID area, determine what additional projects and services the businesses would like delivered over the next BID term to give an added incentive to visit and invest in Oban. The results of these surveys and consultations will combined and form the basis of the Business Plan and BID Proposal

Businesses will receive letters, e-mails, telephone calls, newsletters, newspaper articles, one-to-one visits throughout the BID development process to keep them informed of progress. The website www.bid4oban.co.uk has been kept fully updated with information throughout the development of the BID. Full details of the consultation are shown at Appendix 2.

New businesses to the BID area received personal visits on a one-to-one basis to inform them about the BID.

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A renewal ballot launch will be held during June and July 2022. All businesses will receive invites.

Following feedback received during the consultation process, the board has organised a 'Next Steps' meeting at which copies of the 'Next Steps' document will be circulated. The Next Steps document was delivered to those businesses unable to attend the meeting. All eligible persons were invited by a letter from the Chair, and by e-mail and social media.

As the ballot approaches it is planned to visit as many businesses as possible to discuss both the new and existing projects and services the businesses have indicated they would like the BID to deliver.

Full details of the consultation are contained in Appendix 2

7.2 Business Survey

Businesses will be consulted with during June and July 2022 and we will be producing a survey questionnaires will be hand delivered where possible, if not, posted to the property within the proposed BID area on the 1st July 2022. The businesses will also give the opportunity to complete the questionnaire on-line. The purpose of the questionnaire survey is to consult with the businesses within the BID area and determine their issues and concerns. The survey also sought to establish views and opinions on specific identified issues relating to the area.

The BID Board will consider the responses from the one-to-one consultations, questionnaire survey and public meetings as being sufficient to decide on the projects and services proposed in the business plan.

BID legislation requires that before a ballot can take place, a minimum of 5% of those eligible to vote must indicate that they are in favour of a BID. The results of the consultations (both one-to-one and questionnaire survey) indicate that 28 eligible persons 5% are in favour of the BID. In terms of rateable value this equates to 5.2%.

Please refer to Appendix 1 (Support for the BID) for a list of the eligible persons who have indicated their support for the BID to continue for a further term.

7.3 The Key Findings

Sector Specific Survey

Overall, the most important areas the BID could improve on were ranked by the businesses in order of importance as:

1. Access and traffic management
2. Marketing and promotion
3. Clean and attractive
4. Business support
5. Training initiatives
6. Lobbying and a Business Voice

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Businesses would like:

1. A well promoted and vibrant town
2. To attract more visitors and see increased spend
3. A raised profile for the town by closer working with AITC
4. To see parking issues addressed within the BID area
5. To create a cleaner, greener and more attractive town centre
6. To extend the season with more events in the shoulder months
7. A more diverse High Street to attract customers
8. Improved business support and advice

The businesses will be given a final opportunity to comment on the projects and services, as detailed in the Next Steps document, to allow them to be included in the Business Plan.

We asked what future projects for the town of Oban are most important

By ranking a list of projects in order of importance, the following list represents what the businesses would like the BID to address:

- Parking issues resolved within the BID area
- Extend the season
- Better promotion of the town
- Free town centre wifi
- Improved appearance of the town
- Encouraging spending locally
- Attracting new businesses into the town centre.

8.0 Proposed Improvements

We believe that the best way to achieve lasting and sustainable change, and best value for money, is by working in partnership, so where appropriate we will work strategically with: Argyll and Bute Council, AITC, Oban Community Council, Educational establishments.

The proposed projects will be progressed over the five-year period of the BID. Some projects will be provided on an annual basis while others are one-off projects. The time frame for delivering the projects will be decided by the Board of Directors within the agreed budget.

The detailed projects costs are estimates only. The actual cost of the projects will depend on a variety of factors and will not be definitive until competitive tenders have been submitted where necessary. Some of the projects may be subject to planning permission and other statutory approval.

The projects will be based on the following themes, individual projects and services are detailed in the Business Plan.

Business Proposal

- 1 Our environment.
- 2 Let's shout about Oban
- 3 Working together
- 4 Marketing locally

9.0 The BID Levy

9.1 Who will pay the levy?

A BID levy is an equitable and fair way of funding additional projects and services, which the local authority and other statutory bodies are not required to provide. There are approximately 550* commercial properties in the BID area which will generate a BID investment levy income of approximately £168,362 per annum and an estimated total levy income of £841,810 over 5 years.

It has been agreed by the BID Board the levy structure will remain the same banded system based on the rateable value (RV) of the property on the day of the ballot 6/10/2022 and throughout the 5-year term of the BID and: -

- The BID levy will be paid by the occupier (the eligible person liable to pay the non-domestic rate), however, the property owner will be liable to pay the levy where a property is vacant on the day the levy invoice is issued and for all the period thereafter when the property is vacant.
- There will be no increase in the levy amount throughout the term of the BID or because of a non-domestic rateable revaluation occurring during the BID term.
- All eligible occupiers (of eligible properties) i.e., the eligible person liable to pay the non-domestic rate that are listed on the Local Assessors Valuation Roll on the ballot date will be liable to pay the levy.
- The levy payments are not linked to what businesses pay in rates but are based on the rateable value of the property.
- The levy must be paid either in one payment within 28 days from the date of the levy invoice or in 10 instalments by arrangement with the billing body.
- If there is a change, in occupier to a property, until a new occupier is found, the property owner will be responsible for paying the levy.
- Any new commercial development, subdivision of existing properties or merging of properties or new business with a non-domestic rateable valuation coming into the area during the 5-year term of the business improvement district will be liable for the BID Improvement Levy.
- If a property is vacant on the date the levy is issued and for any subsequent vacant periods, the property owner will be liable for the full levy amount, which must be paid within 28 days.

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- Self-catering holiday accommodation which is not the sole or main residence of any person and which is available (or intended to be available) for letting on a commercial basis, with profit in mind, for short periods totalling more than 140 days in the financial year remain liable for non-domestic rates for the whole year and will be included.
- The levy will apply to properties with a rateable value of £3000 and above. Levy bandings will be applied with a maximum banding at £500,000 and above.
- The BID levy will **not** be index-link to the Retail Price Index (RPI) - Consumer Price Index (CPI) to take account of inflation, so that those liable to pay the levy can budget accordingly for the full five-year term.

9.2 Exclusions

The BID Board decided to exclude premises that have a rateable value of less than £3000. These premises can pay a voluntary levy and become an “associate member” should they wish, details of which are given in the BID Business Plan.

The BID Board decided that there is no benefit from being part of the BID to the following categories of property and therefore are exempt from paying the levy Ad-spaces, Nursing Homes, Non-Retail Charity, Places of Worship, Health Care Centre, the Community Employment Trust and the Girl Guide Association.

9.3 The Levy Table*

Rateable Value	Each Week	Each Month	Annual Levy	No of Businesses	Total
0 to 2,999	Voluntary	Voluntary	Voluntary		£0.00
3,000 to 8,399	£2.90	£12.50	£150.00	234	£35,100
8,4 to 13,399	£4.23	£20.83	£250.00	129	£32,250
13,4 to 39,999	£7.30	£31.67	£380.00	128	£48,640
40,000 to 65,999	£10.20	£44.17	£530.00	27	£14,310
66,000 to 99,999	£17.12	£74.17	£890.00	18	£16,020
100,000 to 179,999	£19.80	£85.83	£1,030.00	9	£9,270
180,000 to 499,999	£44.23	£191.67	£2,300.00	4	£9,200
500+	£96.15	£416.67	£5000	1	£5000

*Based on reports of 1/6/2022

The BID Board decided to continue to use a fee structure, as detailed above, to calculate the levy fee. The reasons behind this are as follows: -

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- The levy payments add up to the amount required to deliver the business plan.
- A banding system was chosen as it represents a simple and easy way for businesses to identify their levy payment, provides for ease of collection and represents a fair and reasonable methodology. Everybody benefits therefore everybody pays.
- A minimum payment of £150, (£2.90 per week or less than one cup of coffee per day) is believed to be affordable for the smallest businesses as they will have the opportunity to benefit from cost reduction projects and the Property Improvement Grant.
- Through consulting with the businesses, a maximum of £5000 is believed to be affordable for the businesses at the higher end of the banding.

9.4 Collection of the BID Levy

Argyll and Bute Council will collect the investment levy on behalf of the BID, as this will be an efficient, safe, and cost-effective method of collection. Argyll and Bute Council will lodge the levy within a BID Revenue Account. The BID levy can only be drawn down by the Board of Directors of the BID to allow the delivery of the business plan.

The BID Revenue Account and levy cannot be accessed by Argyll and Bute Council nor can it be used by the Council as an additional source of income.

9.5 Enforcement

In the event of any non-payment of the BID improvement levy, it will be strongly pursued by Argyll and Bute Council (as the billing body) using the recovery powers available to the Council to ensure complete fairness to all the businesses that have paid. Argyll and Bute Council will be entitled to charge an additional fee to the levy amount to meet any additional costs incurred in the recovery of the levy.

10.0 The Voting Process

10.1 Pre-Ballot

The BID Proposer must submit, at least 98 days in advance of the ballot date, the BID Proposals to the Local Authority, the Scottish Ministers and the billing body along with a letter detailing their intention to put the BID Proposals to ballot. The local authority has then, 28 days in which to veto or not veto the BID Proposals.

A 'Notice of Ballot' will be issued at least 42 days before the day of ballot.

The BID Proposer will make available a copy of the BID Proposal to any person, who is eligible to vote on the BID Proposals, who requests a copy.

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10.2 The Ballot

- Ballot papers will be posted to the eligible person responsible for casting a vote within their business at least 42 days before the day ballot. In the case of national companies, the responsibility for voting may lie with head office.
- Prior to or on the date the ballot papers are issued the BID Proposer will provide to all those eligible to vote in the ballot, with a copy of the BID Business Plan.
- The BID ballot is a confidential postal ballot conducted by Argyll and Bute Council on behalf of BID4Oban BID and in accordance with Scottish BID legislation.
- Where an eligible property is vacant the voting papers will be sent to the property owner.
- In BID4Oban case, voting papers will be issued no later than 25/8/2022.
- The last date for all ballot papers to be returned is 5pm on 6/10/2022. Papers received after this date and time will be deemed null and void and not be counted.
- Voting papers are easy to complete, simply place a cross on either “yes” or “no” to the question “are you in favour of a BID?” The ballot paper must then be signed by the person eligible to vote and returned in the pre-paid envelope.
- For the ballot to be successful there must be a minimum turnout of 25% (the headcount) by number of eligible persons and by combined rateable value; and of those who turnout, the majority must vote in favour by number and rateable value.
- All eligible persons (i.e., those persons liable to pay non-domestic rates) will have one vote or where a person is liable for non-domestic rates for more than one property, that individual shall be eligible to cast more than one vote however they will be required to pay the levy for each of the properties that they occupy.
- The ballot papers will be counted on 7/10/2022 and the results announced by the Argyll and Bute Council within one week.
- Following a successful ballot, the BID will commence on 01/11/2022 and will run for a period of five years until the 31/10/2027

10.3 BID Ballot Timetable

Item	B-n	Procedure	Time	Date	Comments
1	B-154	Last day for notice of intention to put BID proposals to ballot.	Regulation 4 At least 154 days before ballot.	5/5/2022	Submitted 3/5/2022

Business Proposal

2	B-126	BID Review.	BID proposals reviewed and agreement reached as to whether a positive ballot result is achievable. If not achievable, then the BID should not go to ballot.	By	
3	B-98	Last day for the submission of the BID proposal to the local authority and Scottish Ministers.	Regulation 5 (2) (a) (i) At least 98 days* before the day of the ballot in accordance with regulation 4. *This would give the local authority at least 28 days to consider proposals before deciding whether to exercise their veto.	By 30/6/2022	
4	B- 70	Local authority to confirm it is or is not vetoing the BID proposals.	Regulation 14 (1) For the purposes of section 42(2) of the 2006 Act, the prescribed period is 70 days prior to the day of the ballot.	By 28/7/2022	
5	B-56	At least 98 days after item 1 the BID Proposer requests local authority to instruct ballot holder to hold ballot.	Regulation 5 (2) (a) (ii) and (b) The request to hold a ballot should be at least 56 days* before the ballot date. *To allow time to put in place ballot arrangements, before issuing ballot papers (at least 42 days before ballot), it is recommended that the request to hold a ballot should be made at least 56 days before the ballot date.	By 11/8/2022	
6	B-56	The local authority instructs the ballot holder to hold BID ballot.	Regulation 6	By 11/8/2022	
	B-42	Ballot holder puts in place arrangements to hold BID ballot.	Regulation 8 <u>On receiving instruction under Regulation 6 to hold ballot</u> the ballot holder puts in place the	By 25/8/2022	

Business Proposal

			formal arrangements to hold ballot, including: - Securing ballot date, publishing notice of ballot, and preparing list of persons entitled to vote.		
7	B-42	Publication of notice of ballot (by ballot holder). Issue of ballot papers. Spoilt ballot papers.	Schedule 2, para. 3a The ballot holder shall at least 42 days before the day of ballot, publish the notice of ballot. Schedule 2, para. 3 42 days before ballot date. Schedule 2, para. 11 Spoilt ballot papers may be replaced at any time from the issue of ballot papers.	By 25/8/2022 By 25/8/2022 By 25/8/2022	
8	B-42	Last day for postponing the day of the ballot by up to 15 days.	Schedule 2, para. 2 (2) - No later than 42 days before the day of the ballot, the ballot holder may postpone the day of the ballot by up to 15 working days.	By 5pm on 28/8/2022	
9	B-10	Last day for the appointment of a proxy.	Schedule 2, para. 5 (5) An application to appoint a proxy shall be refused for the purposes of a particular ballot if the ballot holder receives it after 5 p.m. on the tenth day before the day of the ballot.	By 5pm on 23/9/2022	
10	B-7	First day for the request for issue of replacement of LOST ballot paper.	Schedule 2, para. 12 Where a voter has not received their ballot paper by the seventh <u>working day</u> before the day of the ballot, that voter may apply (whether or not in person) to the ballot holder for a replacement ballot paper.	From 27/9/2022	
11	B-5	Last day for cancellation of proxy.	Schedule 2, para. 5 (10) A notice under sub- paragraph (9) by a person entitled to vote	By 5pm on 30/9/2022	

Business Proposal

			cancelling a proxy's appointment shall be disregarded for the purposes of a ballot if the ballot holder receives it after 5 p.m. on the fifth day before the date of the poll at that election.		
12	B	Ballot Day	Schedule 2, para. 2 – (1) (c) At least 42 days after, but no more than 90 days after, the date on which the ballot holder published the notice required by paragraph 3 (a). (See also Item 7).	6/10/2022	
13	B+1	The Count	Schedule 2, paras. 14-16 As soon as practicable after the day of the ballot, the ballot holder shall make arrangements for counting the votes cast on such of the ballot papers as have been duly returned (in accordance with paragraph 13) and record the number counted.	7/10/2022	
14	B+1 B+8	Declaration of results.	Schedule 2, para 17 (2) The ballot holder, having made the certification under subparagraph (1) Shall: (a) forthwith make a declaration of the matters so certified; and (b) Give public notice of the matters so certified as soon as practicable and within 7 days after the counting of the votes.	7/10/2022 14/10/2022	

11.0 Public Sector BID Involvement**11.1 Baseline Services**

A baseline service agreement ensures the BID does not use the levy money to duplicate any services provided by Argyll and Bute Council and Police Scotland. The services directly delivered by the BID additional to any statutory services. The baseline services agreement gives an assurance to businesses

Business Proposal

that the levy payment will only be used for **additional** projects which they voted on in the BID ballot. Additionally, a baseline agreement avoids the risk that public agencies including Argyll and Bute Council will not reduce its statutory level of service to the BID area following a successful ballot.

For a full and detailed list of services provided in the BID area by Argyll and Bute Council, please refer to Appendix 6 Council Baseline information and Baseline Agreement.

The services already provided by Argyll and Bute Council

Argyll and Bute Council provides the following services (both statutory and discretionary) within the BID area: -

- **Pier and harbour maintenance** – Provision of maintenance and management
- **Trading Standards and Advice Services** - Licensing and Permits (street traders, public entertainment, etc.), Food Safety, Trading Standards, Environmental Health
- **Street Cleaning and Litter Bin Emptying** - Recycling (Kerbside), Street Cleansing, Public Toilet, Environmental Wardens
- **Commercial Waste Collections** – collection and recycling
- **Economic Development** – Business Gateway etc
- **Horticultural and Grounds Maintenance Works** – Open Space Maintenance – Playing Fields – Parks
- **Roads, Pavements and Carpark Maintenance** – Carriageway, Footway Repair and Maintenance - Winter Maintenance
- **Street Lighting Maintenance** - Street Lighting
- **Planning, Housing and Regulatory Services** - Development Management
- **Strategic Transportation**

The services already provided by Police Scotland:

- 24/7 Policing response
- Dedicated policing during peak times
- Enhanced policing levels during special events
- Operation and control of CCTV system
- Liaison with partner agencies and other groups
- Crime prevention - advice

12.0 Measuring Success

12.1 Measuring the Success of the BID

Throughout the lifetime of the BID, all work on the BID projects will be monitored to ensure the projects proposed in the BID Business Plan achieve a high level of impact and are progressing to the satisfaction of the businesses that voted for the BID.

The BID Board of Directors will monitor and oversee the efficient delivery of the BID projects.

Business Proposal

The BID will undergo an independent evaluation and or Assessment and Accreditation Interim Review (AAIR) of its activities at the halfway point and towards the end of the third term.

The AAIR: -

- Is a bespoke review, which recognizes and accords with the Scottish BIDs legislation and the public and private sector environment in Scotland
- Gives confidence to businesses and the Board of Directors that the practices of the BID Company are robust and accord with good practice and
- Supplies an audit trail to support any future evaluation of the BID Company.

In developing the Interim Review, a consultation was undertaken with,

- Key stakeholders and organisations
- key UK national businesses
- The Scottish Retail Consortium; and

reviewed existing assessment and accreditation frameworks, including existing documents used to assess BID Proposals in the UK, to identify key lessons.

The AAIR is recommended by Scotland's Improvement Districts (SIDs) as good practice and is included as one of the good practice elements of any Scottish BID Proposal and BID Business Plan.

12.2 Marketing, Communications and Social Media

To ensure openness and transparency in the management of the BID company, following a successful ballot, the BID Board have agreed the BID Business Plan should include, but not limited to; - one to one business engagement, business briefings, social media engagement, newsletters for those businesses (preferring hard copy information or with no access to IT), press releases, business forums, business networking meetings etc.

Additionally, the following information is to be displayed on the BID4Oban BID website: -

- The current BID business plan.
- The annual accounts
- The BID ballot result.
- The contact details for the BID manager and other staff members.
- The names of BID board members and either the name of their business or the sector they represent.
- BID board governance structure with specific reference to how decisions are agreed and actioned.
- Details of director Meetings the agenda and minutes - abridged where necessary
- The methods levy payers can provide feedback to the BID e.g., AGM and/or other regular meetings.
- An annual report detailing the BIDs the projects/services/initiatives delivered and the cost of each; and the BID4Oban achievements and the value the BID provides to levy papers.

Business Proposal

13.0 Finances

13.1 Estimated Income and Expenditure

There are circa 564 eligible properties located within the BID area (this figure may change as businesses move, expand or close). The BID levy income is calculated to be approximately £168,362 per annum.

The average collection rate for BID4Oban BID is 95% Therefore, an amount has been set aside in the budget under 'contingency' to allow for any bad debt.

Argyll and Bute Council have previously, in addition to paying their levy for eligible properties, to provided additional funding of £20,000 subject to an outcome's agreement with the BID Company. The possibility of this continuing is currently under discussion but has not been included in the income for the BID Company.

The improvement levy will make it easier to obtain other sources of funding for specific projects and these opportunities will be pursued. The BID aims to attract other investment, sponsorship and trading income to increase the amount available to spend on your projects as they develop. Funds will be sought from but not restricted to Scottish Government, STP and other philanthropic organisations.

As the BID progresses, more income will be attracted, and this will be invested in improving the town centre for the benefit of the businesses and local community.

13.2 Financial Management Arrangements

Any variations within budgets will be reported to the Board of Directors.

The Board will agree on an annual basis how funds for subsequent years will be allocated. This will be based on business feedback during the previous year and the priorities for the coming year, which allows the BID the flexibility to respond to changing business needs and requirements.

Argyll and Bute Council will collect the levy payments on behalf of the BID and will retain these funds in a separate account until the BID Board calls these funds down. The BID Board will manage the levy funds that are collected by the Council. This arrangement will ensure that projects are delivered, and any financial liabilities of the BID are transparent.

13.3 BID4Oban BID Projected Income and Expenditure

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
BID LEVY**	£168,362	£168,362	£168,362	£168,362	£168,362	£841,810
COUNCIL *	*	*	*	*	*	
INCOME TOTAL	£168,362	£168,362	£168,362	£168,362	£168,362	£841,810

** Based on levy reports of 1/06/2022

* The BID4Oban board are currently in discussions with Council to extend the additional funding (£20k pa) of the first and second BID term to the third term.

Business Proposal

EXPENDITURE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Events	£30000	£30000	£30000	£30000	£30000	£150,000
Environment	£24000	£24000	£24000	£24000	£24000	£120,000
Marketing Locally	£19000	£19000	£19000	£19000	£19000	£95,000
Working Together	£17944	£17944	£17944	£17944	£17944	£89,720
Running Costs	£69,000	£69,000	£69,000	£69,000	£69,000	£345,000
Contingency	£8418	£8418	£8418	£8418	£8418	£42,090
TOTAL	£168362	£168362	£168362	£168362	£168362	£841810

14.0 Contact Information

If you would like more information, please visit our website www.anybid.com or contact Chair or BID Manager by telephone, e-mail or make an appointment to see them.

Andrew Spence
 BID Chief Executive

T: 01631 569915

E: andrew.spence@bid4oban.co.uk

43 Stevenson Street
 Oban
 PA34 5NA

Appendix 2

14/6/2022

Details of Consultation Process

Consultation of the BID4Oban renewal ballot is ongoing. This will continue between now and the publishing of the full business plan which is expected to be published in draft by 30/6/2022 with a full version being sent to those eligible to receive ballot papers and therefore vote on the proposal by 25/8/2022.

Initial conversations have taken place with 28 local businesses (appendix 1) who are fully supportive of what we have achieved and what we plan to do in a third term. As an active BID we are in regular contact with all our levy payers via social media, mailchimp etc. At our AGM of 20th April 2022, there was resounding support for the BID to continue as a result of COVID recovery and the work undertaken by the BID company.

We have engaged the services of a media company Innes and Campbell who are actively producing a communications strategy as soon as the draft Business Plan is produced. This will highlight all our achievements over the last ten years and our exciting proposals for our third term.

A series of roadshows/meetings will be undertaken between now and the ballot date. Given that Oban is a highly seasonal town, the majority of consultations and communication of proposals will be one to one, face to face. We are working with AITC (Argyll and the Isles Tourism Cooperative) to highlight the benefits of the BID Company.

We have a close working relationship with our Area Committee of Councillors, MP, and MSP's. They are fully supportive of our BID for a third term.

Our work with our local newspaper, Oban Times is testimony to some of our successes and we feature weekly with support for business and events etc.

All consultations will be logged and available for scrutiny.

Andrew Spence
BID4Oban Chief Executive.

Appendix 3 - The Business Plan
To be sent under separate cover



Oban Business Improvement District

www.bid4oban.co.uk



Pippa Milne
Chief Executive
Argyll and Bute Council
Kilmory
Lochgilphead
PA31 8RT

15th June 2022

Dear Pippa

**Planning etc. (Scotland) Act 2006
Business Improvement Districts (Scotland) Regulations 2007**

BID4Oban Ltd Business Improvement District - Formal Submission of BID Proposals to the Local Authority and the Scottish Government

We refer to the above legislation, which requires the BID Proposer to notify you in writing that we wish to put the BID4Oban Ltd BID Proposals to a ballot.

This letter is our formal request for Argyll and Bute Council, to instruct the ballot holder to put the BID Proposals to a ballot on the 6th October 2022

Will you kindly acknowledge receipt of this letter.

Yours sincerely,

Yours sincerely,

Andrew Spence
Chief Executive

CC:
Karl Blomer – Scottish Government
Phil Prentice – Chief Executive Scotlands Towns Partnership
Bill Harvey -Scotlands Towns Partnership

Argyll and Bute Council

Baseline Service Agreement 14th June 2022

Service Area: -	
Activity Area	Pier and harbour maintenance
Statutory/Non-statutory Service	Non Statutory
Description/Specification	Provision and maintenance of pier, pontoons, slipway and harbour facilities. In addition to a general duty of care, legislation provides the basis for powers and duties relating to these activities, including work to Harbour and Docks Act 1847, Harbour Bylaws and Anti-Terrorist legislation concerning Marine Port Security.
Contact	Scott Reid – Marine Operations Manager 01546 604696 Scott.reid@argyll-bute.gov.uk
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	Core hours 9am – 5pm Monday – Friday but with significant variances to suit peaks of activity e.g. at weekends and during summer months.
Staffing and Equipment Levels	Harbourmaster and office, equipped with range of communications equipment. Oil spill response equipment. The council has a responsibility to ensure piers within its ownership are maintained in a serviceable condition. In Oban these are the North Pier including the transit berthing facility, Oban Times Slip, and Port Beag. The harbourmaster is responsible for coordinating vessels which are berthing at the council's piers and collection of harbour and gangway dues. Provision of freshwater. Waste management facilities are provided for vessels using council piers and slips.
Key Performance Indicators	N/A
Legislation/Policy	N/A
Existing Value of Contract/Service	N/A
Boundary Area	SHA area round North Pier
Non-compliance Procedure	N/A
Additional Information or Notes	None

Service Area: -	
Activity Area	Trading Standards & Advice Services
Statutory/Non-statutory Service	Statutory and Non Statutory Enforcement functions are (mainly) statutory, consumer advice functions are (mainly) non-statutory
Description/Specification	The Council either (in its role as a Local Weights & Measures Authority or directly) has a duty to enforce consumer protection legislation. Trading Standards Officers enforce this legislation. Trading Standards also carry out (non-statutory) scam prevention & consumer education work. Advice Services provide Debt Counselling & Welfare Rights advice to consumers.
Contact	Lee Roberts lee.roberts@argyll-bute.gov.uk 01546604779
Existing Activity	<ul style="list-style-type: none"> • Programmed metrology, product safety, age-related sales & fair trading inspections and revisits to businesses within the area. • Programmed visits to relevant Animal Feed premises on behalf of and under a contract with Food Standards Scotland • Investigation of criminal complaints relating to Trading Standards legislation • Monitoring of civil law complaints against local traders for Enterprise Act purposes • Licensing & Certification of petrol sites. Inspection of Licensed & Certificated premises • A program of “test purchases” to ensure compliance with TS legislation • Scam prevention work • Protection of vulnerable consumers through supplying & fitting callblockers • Provision of money advice and debt counselling to consumers • Assisting consumers to obtain Debt Arrangement Schemes, Bankruptcies etc • Provision of Welfare Rights advice • Representation of clients at appeals & tribunals
Operational Times	Core 9am – 5pm Monday – Friday.
Staffing and Equipment Levels	3 staff are physically based in Oban. Overall provision in OLI includes: Debt Counselling 0.25 FTE Trading Standards 0.75 FTE Welfare Rights 1.0 FTE
Key Performance Indicators	LRS102_01 Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income. ENV5 - Cost of trading standards and environmental health per 1,000 population ENV5a - Cost of trading standards per 1,000 population There are also Welfare Rights targets set out in the Local Housing Strategy:

	<ul style="list-style-type: none"> LHS Outcome 2 – To regenerate communities by improving the quality, condition and energy efficiency of housing and by tackling fuel and child poverty. Key target: Income maximisation – Minimum of £10m generated via Welfare Rights activity by 2027 LHS Outcome 3 – to enable people with particular needs to live independently in their own homes and to remain in their communities <p>Key target - Continuing to work with Care & Repair and other partner agencies to deliver effective services across Argyll & Bute that support independent living;</p>
Legislation/Policy	Relevant legislation as listed on Trading Standards authorisations. Council policies re providing consumer education, welfare rights advice & debt counselling advice.
Existing Value of Contract/Service	N/A
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	N/A
Additional Information or Notes	N/A

Service Area: -	
Activity Area	Roads, pavements and carpark maintenance (including winter maintenance) Car Park maintenance carried out by Operations but instructed by Network and Standards – Hugh O’ Neill
Statutory/Non-statutory Service	Statutory
Description/Specification	<p>Maintenance of roads, pavements and carparks. In addition to a general duty of care, legislation provides the basis for powers and duties relating to Road Maintenance. Primarily the Roads (Scotland) Act 1984 and The New Roads and Streetworks Act 1991.</p> <p>Scheduled maintenance activities include: drainage works, patching, pavement maintenance, signage, gritting and winter maintenance.</p> <p>Major resurfacing works are also scheduled when capital budget is made available.</p>

	<p>Inspection</p> <p>Roads – annual survey by contractor (WDM), followed by more detailed inspection where potential defect development has been identified. Also inspection for safety defects at intervals laid down in maintenance plan.</p> <p>Culverts and manholes – inspect and clean annually</p> <p>Gullys – inspect and clean 3x in two years</p> <p>Fences/barriers/railings – inspected every two years</p>
Contact	<p>Tom Murphy – Operations Manager 0141 658908 Tom.murphy@argyll-bute.gov.uk</p> <p>Hugh O’Neill – Network and Standards Manager 01546 604084 (Car Parks) Hugh.o'neill@argyll-bute.gov.uk</p>
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, with specialist contractors brought in when necessary.
Operational Times	<p>Core 8am – 4pm Monday – Friday</p> <p>Winter maintenance times (winter gritting) may be outside these hours in accordance with the weather pattern.</p>
Staffing and Equipment Levels	<p>A road’s maintenance team is based in Oban but carries out further work beyond the perimeter of the BID area.</p> <p>Within the bid area there are 36.4km of adopted roads</p> <p>Full time equivalent staff = 4 (dependant on variances in annual capital works such as major road resurfacing) A variety of vehicles are available to be deployed depending on type of works being undertaken.</p> <p>The trunk road network is maintained by Transport Scotland In Oban this is the A85, George Street, Esplanade, Airds Place and Stafford Street (west of George Street)</p> <p>10 Pay & Display car parks are provided and managed within the BID area, with plans to convert 2 more to Pay and Display. (Now converted).</p> <p>Car Park locations:</p> <p>Ganavan P&D</p> <p>Corran 1 Seasonal P&D</p> <p>Corran 2 P&D</p> <p>Longsdale coach park P&D</p> <p>Longsdale car park FREE currently, but plan to convert to P&D (Now converted).</p> <p>Esplanade P&D</p> <p>North Pier P&D</p> <p>Albany Street P&D</p> <p>Market Street P&D</p> <p>Lochavullin car park FREE currently, but plan to convert to P&D (Now converted).</p> <p>Lochavullin coach/lorry park – P&D</p> <p>Tweedale Street – P&D</p>
Key Performance Indicators	<p>Key Performance Indicators collated and reported.</p> <p>Quality inspections carried out by supervisory staff and rectification action taken where necessary.</p>

	Category 1 defects should be made safe within 24 hours of identification. Others will be inspected and dealt with as resources permit.
Legislation/Policy	Duty under the Roads (Scotland) Act 1984: a local roads authority shall manage and maintain all such roads in their area.
Existing Value of Contract/Service	£83,000* (including winter gritting operations)
Boundary Area	All roads, pavements and car parks within the BID area, with the exception of those managed by Transport Scotland
Non-compliance Procedure	N/A
Additional Information or Notes	* Cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Service Area: -	
Activity Area	Street lighting maintenance
Statutory/Non-statutory Service	Statutory
Description/Specification	Provision and maintenance of street lighting and associated electrical control boxes.
Contact	Tom Murphy – Operations Manager 01436 658908 Tom.murphy@argyll-bute.gov.uk
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	8am – 4pm Monday - Friday
Staffing and Equipment Levels	Electrical maintenance is carried out by staff shared with other areas. There is no permanent presence in the town. Within the bid area there are 1844 electrical units (including traffic control, street lamps and junction boxes) maintained. Typically, duties are reactive and include a variety of electrical and lighting repairs, along with programmed maintenance works. Inspection - Lighting columns are inspected a minimum of every four years.

	<p>Full time equivalent staff =0.5 equipped with specialist lighting platform.</p> <p>Lighting along the trunk road network is maintained by Transport Scotland In Oban this is the A85, Dunollie Road, George Street, Esplanade, Airds Place and Stafford Street (west of George Street)</p>
Key Performance Indicators	<p>Key Performance Indicators collated and reported.</p> <p>Quality inspections carried out by supervisory staff and rectification action taken where necessary</p> <p>Response time for defects is within 5 working days and this is currently being achieved at a level of 71%</p>
Legislation/Policy	<p>Under Section 35 of the Roads (Scotland) Act 1984, Argyll and Bute Council has a duty to “provide and maintain lighting for roads which are maintained by them and which in their opinion ought to be lit”</p>
Existing Value of Contract/Service	£10,000*
Boundary Area	Lighting to all roads, pavements and carparks within the BID area, with the exception of those managed by Transport Scotland.
Non-compliance Procedure	N/A
Additional Information or Notes	<p>* Cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area.</p> <p>Capital expenditure in the BID area is determined in accordance with the council’s service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.</p>

Service Area: -	
Activity Area	Street Cleansing and Litter Bin Emptying
Statutory/Non-statutory Service	Statutory
Description/Specification	Litter control around the BID area in compliance with EPA requirements. To clean all routes to the required standard (A Standard) of cleanliness, being free of litter and refuse at the end of each sweep. Attention to dog fouling, flyposting, graffiti, and fly tipping as required. Education and Enforcement actions.
Contact	Paul Martin – Assistant Operations Manager 01546 604619 Paul.martin@argyll-bute.gov.uk
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, seven days a week.
Operational Times	Street Cleansing

	<p>Mon to Thurs 07:00 - 1500, Friday 07:00 – 14:30 2 x manual barrow sweepers</p> <p>Wednesday – Saturday 07:00 – 15:00, Sunday 07:00 – 14:30 1 x manual barrow sweeper</p> <p>Friday – Monday 07:00 – 15:00, Tuesday 07:00 – 14:30 1 x manual barrow sweeper</p> <p>Litter bin emptying (42 throughout the BID area) Summer – once per day, more frequently as required or directed by supervisor. Winter – 3 times per week, more frequently as required or directed by supervisor</p>
Staffing and Equipment Levels	Full time equivalent staff allocated to BID area = 4
Key Performance Indicators	<p>LEAMS (Local Environmental Audit and Management System) Street cleansing monitoring assessments twice per year by external monitors. (Local Authority and Keep Scotland Beautiful)</p> <p>LEAMS cleanliness inspections monthly by in-house staff. LEAMS values are consistently in the mid-70s over the last year, comparable with the national standard of 74 (2010/11)</p>
Legislation/Policy	Section 89 Environmental Protection Act 1990
Existing Value of Contract/Service	£132,000
Boundary Area	All roads within the BID area
Non-compliance Procedure	Sites which fail to meet required standards are attended to within 24hrs
Additional Information or Notes	<p>Main litter sources are smoking, drinks, fast food and confectionary related.</p> <p>* Cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area.</p> <p>Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.</p>

Service Area: -	
Activity Area	Commercial Waste Collections*
Statutory/Non-statutory Service	Statutory
Description/Specification	Collection and disposal of commercial waste, including recyclables (paper/card/can/plastic/glass, in line with individual commercial waste contracts.
Contact	Paul Martin – Assistant Operations Manager 01546 604619

	Paul.martin@argyll-bute.gov.uk
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, five days a week. Collection and disposal of commercial waste from 373 business premises, including commercial recycling (paper/cardboard/cans/plastic) collection in line with individual contract agreements. Servicing of commercial glass bins is carried out by Greenlight on the council's behalf.
Operational Times	Core 7am – 4pm Monday – Friday. Special services as required.
Staffing and Equipment Levels	3 operatives, 1 refuse vehicle 3 days per week 6.5 hours per day (Monday, Wednesday, Friday), 1 paper collection vehicle 1hour per day 5 days per week, 1 multilift/skip vehicle for special uplift as requested. Full time equivalent staff on commercial waste collection in BID area = 1.8
Key Performance Indicators	Collation of missed bin reports
Legislation/Policy	Waste Scotland Regulations
Existing Value of Contract/Service	£747,000
Boundary Area	All contracted premises within the BID area
Non-compliance Procedure	N/A
Additional Information or Notes	*domestic waste collection is additional to this service but has been requested not to be included within this documentation. Contract value shown is the total charged to customers.

Service Area: -	
Activity Area	Horticultural and Grounds Maintenance Works
Statutory/Non-statutory Service	Non Statutory
Description/Specification	The council carries out planting of seasonal bedding, maintenance of shrub beds, grass cutting, hedge trimming, hard surface management (sweeping of paths etc.), tree maintenance and maintenance of sports pitches.
Contact	Paul Martin – Assistant Operations Manager 01546 604619 Paul.martin@argyll-bute.gov.uk

Existing Activity	<p>Works managed and carried out by Argyll & Bute Council staff, five days a week.</p> <p>This includes work to raised planters, and at various open spaces around the BID area, such as McCaigs Tower, Corran Parks, Pulpit Hill and Ganavan.</p> <p>Maintenance of 42 public benches is also carried out by this unit.</p> <p>Design and implementation of bedding schemes</p> <p>Weed spraying, litter control, leaf clearance.</p> <p>Grass cutting frequencies are site specific ranging from weekly (on sports pitches) to eight weekly on lower profile sites.</p> <p>Floral bedding displays are overhauled and replaced twice per year, including those in mobile planters, of which there are some 23 around the town.</p>
Operational Times	Core 8am – 4pm Monday – Friday. Additional hours as required for special events.
Staffing and Equipment Levels	<p>1 gardener, 1 horticultural mechanic, 1 grounds maintenance staff</p> <p>General horticultural hand tools, spraying equipment and lawnmowers</p> <p>Specialist sports turf maintenance equipment is held at Mossfield for use on sports pitches throughout the area.</p> <p>There are no operational cemeteries within the BID area</p> <p>Full time equivalent staff allocated to BID area = 3</p>
Key Performance Indicators	Adherence to grass cutting frequencies. Quality inspections carried out by supervisory staff and rectification action taken where necessary.
Legislation/Policy	In line with health and Safety at work procedures
Existing Value of Contract/Service	£215,000
Boundary Area	All activity within BID area
Non-compliance Procedure	N/A
Additional Information or Notes	<p>Cost shown is revenue recharge rate.</p> <p>Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.</p>

Service Area: -	
Activity Area	Economic Development
Statutory/Non-statutory Service	Non Statutory

Description/Specification	The council carries out a range of economic development activities ranging from Business Gateway, the promotion of economic growth including tourism and food and drink industries, improving skills for work and the development of area regeneration activities such as the Lorn Arc and public realm works such as Gibraltar Street and Place making activities. The service also seeks to promote Argyll, including Oban as a place to do business, invest in, learn, to live in and visit. Much of this activity is considered non statutory and is dependent on securing external funding to undertake capital funding to provide
Contact	Fergus Murray Head of Service Development and Economic Growth – 01546 604293 Fergus.murray@argyll-bute.gov.uk
Existing Activity	Gibraltar Street public realm project, additional place making activity including shopfront grants, signage, staycation facilities, environmental improvements. Assistance with the running of events and marketing and promotional activity for the town. The taking forward of Oban as A University town in partnership with HIE, UHI and Argyll College. The expansion of the European Marine Science Park in partnership with HIE, the development of the Dunbeg Corridor and development of the Airport Business Park.
Operational Times	Core 9am – 5pm Monday – Friday. Additional hours as required for special events
Staffing and Equipment Levels	1 Business Gateway Officer covers Oban and Lorn; Other staff as appropriate.
Key Performance Indicators	Number of jobs created and businesses supported; Rise in GVA of main industries including tourism, marine sciences and food and drink.
Legislation/Policy	N/A
Existing Value of Contract/Service	N/A
Boundary Area	All activity within BID area
Non-compliance Procedure	Subject to regular internal audit
Additional Information or Notes	Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and the availability of external funding which will vary from year to year.

Service Area: -	
Activity Area	Strategic Transportation
Statutory/Non-statutory Service	Non Statutory
Description/Specification	The council carries out a range of transport activities in the Oban and Lorn area including subsidising bus transport services, improving active travel routes and improving the integration to transport services within Oban Town Centre. The council also owns and manages Oban Airport that operates flights to a number of Argyll Islands including Coll, Tiree, Colonsay and Islay.
Contact	Fergus Murray Head of Service Development and Economic Growth Transportation – 01546604293 Fergus.murray@argyll-bute.gov.uk
Existing Activity	Completion of active travel routes, examining the use of green hydrogen, bus priority corridors and improvements to pavements.
Operational Times	N/A
Staffing and Equipment Levels	1 Business Gateway Officer covers Oban and Lorn; Other economic development staff and strategic transportation staff as appropriate.
Key Performance Indicators	Number of jobs created and businesses supported; Rise in GVA of main industries including tourism, marine sciences and food and drink. Number of passengers using Oban Airport. Number of passengers and vehicles using council Cal Mac services operating from Oban Harbour.
Legislation/Policy	Scottish Government/Transport Scotland
Existing Value of Contract/Service	N/A
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	Audited and regulated by Civil Aviation Authority
Additional Information or Notes	Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and the availability of external funding which will vary from year to year.

Service Area: -	
Activity Area	Planning, Housing and Regulatory Services
Statutory/Non-statutory Service	Statutory
Description/Specification	The council carries out a range services that are designed to facilitate the delivery of development through the granting of planning consent, building warrants and the regulation of business activities through its regulatory services teams, in addition to a range of public health protection activities (communicable disease, local air quality, monitoring of drinking water supplies etc.)
Contact	Fergus Murray Head of Service Development and Economic Growth – 01546604293 Fergus.murray@argyll-bute.gov.uk
Existing Activity	<p>Development Management: Handling and determination of planning and listed building applications, processing of pre application planning enquiries, and planning enforcement.</p> <p>Building Standards: Vetting of building warrants and assessment of works for completion certificates, responding to dangerous buildings and recharging costs associated with this work.</p> <p>The regulatory services teams are responsible for</p> <ul style="list-style-type: none"> • Programmed food hygiene and health and safety interventions and revisits; • Approval of food businesses; • Environmental, food monitoring; • Investigation of communicable diseases, food poisoning, and Infectious disease outbreak control; • Public health and health protection activities; • Provision of food and export certificates; • Regulation of private water supplies; • Health and Safety at work enforcement • Registration of private landlords and regulating standards in houses in multiple occupation and caravan sites; • Provision of animal health and welfare regulation; • Monitoring of air quality; • Liquor licensing standards compliance and compliance.

Operational Times	Core 9am – 5pm Monday – Friday.
Staffing and Equipment Levels	<p>Development Management: 6 Staff Members based in Oban – Principal contact: Tim Williams, Area Team Leader DM – OLI – 01631 567820</p> <p>Housing Services: 1 Research and Development Officer, 1 Area Housing Officer, 1 Housing Advice Assistant, 1 Empty Homes Officer, 1 Housing Improvement Assistant – Development, Housing Research Assistant Key Contact Allan Brandie 01369 708679</p> <p>Building Standards: 4 professional team members based in Oban – Principal contact: Hugh Houston, Team Leader 01631 567958</p> <p>Regulatory Services 12 staff, including administration based in Oban Iain Mackinnon, EH Manager (West): 01631567922</p>
Key Performance Indicators	<p>Development Management KPIs:</p> <ol style="list-style-type: none"> 1. DEG110_03 – The time it takes to determine ‘local’ planning applications is no longer than 10% above the National Average – Target 11 weeks 2. PR23_06 Achieve and above National Average level of application approval rates – Target 95% <p>Building Standards KPIs</p> <ol style="list-style-type: none"> 1. Percentage of requests for a building warrants responded within 20 days - Target 80% 2. Average time to respond to a request for completion certificate – Target 3 days 3. Percentage of building warrants determined within six working days - Target 90% 4. Percentage of completion certificates issued/accepted or determined within three working days – Target 80% 5. Percentage of applicants providing feedback who were either satisfied or very satisfied with our service - Target 90% <p>Regulatory Services key PIs</p> <ol style="list-style-type: none"> 1. PR01_01-Protecting health through the delivery of the formally approved JHPP - Target 90% 2. PR12_02-Respond to public health incidents which have an impact on public health within 20 working days-Target 85% 3. Undertake an enforcement intervention programme to high risk premises in respect of environmental health,

	<p>animal health and welfare and licensing standards – Target 95%</p> <p>4. An enforcement intervention is performed in a consistent and fair manner with businesses supported throughout – Target 80%</p>
Legislation/Policy	<p>Regulatory Services enforce in excess statutes including the Councils' statutory duties as a food authority under the Food Safety Act 1990, an enforcing authority under the Health and safety at Work etc. Act 1974, as a competent authority under the Public Health (Scotland) Act 2008 and the Animal Health (Scotland) Act 1984.</p> <p>Building Standards enforce the Building (Scotland) Act 2003 and associated regulations.</p> <p>Town and Country Planning (Scotland) Act 1997, Planning (Scotland) Act 2019</p>
Existing Value of Contract/Service	N/A
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	The enforcement of a breach of planning control will be investigated and progressed in the manner set out in the Council's Planning Enforcement & Monitoring Charter (March 2022).
Additional Information or Notes	N/A



Oban Business Improvement District

www.bid4oban.co.uk



Pippa Milne
 Chief Executive
 Argyll and Bute Council
 Kilmory
 Lochgilphead
 PA31 8RT

15th June 2022

Dear Pippa

Board Agreement

BID4Oban Ltd

I confirm, as a member of the BID4Oban Ltd BID Board agree, that the decisions on the following elements of the BID Proposals were taken with my full knowledge and support: -

Agreement was made at the Board Meeting of BID4Oban Ltd on 14th June 2022

- The BID Area
- The BID Levy
- Exemptions to paying the BID Levy
- BID Levy Caps and Thresholds
- Content of the BID Proposals
- Content of the Business Plan (To be submitted)

Name

Signature

Date

Tony Cave		14/6/2022
John Forbes		14/6/2022
Fergus Murray		14/6/2022
Ian Clunie		14/6/2022
Gregor MacKinnon		14/6/2022

Yours sincerely,

Andrew Spence
 Chief Executive

CC:

Karl Blomer – Scottish Government
 Phil Prentice – Chief Executive Scotlands Towns Partnership
 Bill Harvey -Scotlands Towns Partnership

BID4OBAN LTD, 43 Stevenson Street, Oban, Argyll PA34 5NA.

Tel. 01631 569915. www.bid4oban.co.uk. Email: andrew.spence@bid4oban.co.uk

Chief Executive - Andrew Spence, Chairman – Antony Cave Company no. SC435469 VAT NO: 152327236



Oban Business Improvement District

www.bid4oban.co.uk



Pippa Milne
Chief Executive
Argyll and Bute Council
Kilmory
Lochgilphead
PA31 8RT

15th June 2022

Dear Pippa

Planning etc. (Scotland) Act 2006
Business Improvement Districts (Scotland) Regulations 2007

BID4Oban Ltd Business Improvement District – Cost of Renewal Ballot

I refer to the above-mentioned subject and to my letters dated 3/5/2022 and 14/6/2022 in which I formally notified you of our intention to request Argyll and Bute Council put the BID4Oban Business Improvement District Proposals to a renewal ballot.

I can confirm the BID4Oban has set aside sufficient funds to meet the cost of the ballot.

I would be grateful if you would kindly acknowledge receipt of this letter.

Yours sincerely,

Andrew Spence
Chief Executive

CC:
Karl Blomer – Scottish Government
Phil Prentice – Chief Executive Scotlands Towns Partnership
Bill Harvey -Scotlands Towns Partnership

BID4OBAN Ltd MEETING OF BOARD OF DIRECTORS

Tuesday 14th June 2022

Minutes of Meeting via Skype

	<p>Chair: Tony Cave Present: A Spence, F Murray, J Forbes, I Clunie, T Cave Minutes: K McDonald</p>	
Item	Contents	Lead
1	Declarations of Interest – None	
2	Minutes of previous meeting – Proposed: J Forbes Seconded: F Murray	
3	Matters Arising - None	
4	<p>Finance Statement to 31st May</p> <ul style="list-style-type: none"> • No issues with levy • Invoice £54600 Issued on Friday 10th June following receipt of reports on Wednesday 1st June 	AS
5	<p>Chief Executive update to 31st May</p> <ul style="list-style-type: none"> • Festive Lights Group set up, 3 meetings so far with Crowdfunding and Facebook pages set up. New chair requested for next week. BID will bank money and ringfence. Lamppost trees cost has risen by £6 500 and they have lost impact, the money could be better used and still have an impact across the town. • Gibraltar street consultation meetings have taken place with A&B and architects and included a consultation for the public in Gibraltar Street during which the overall response was positive with one business very concerned about the impact of the works. They were reassured disruption would be kept to a minimum. Andy will continue to reassure businesses of the benefits. • Sea Shanty Festival Programme will be in the Oban Times this week. Festival integrated with RNLI anniversary celebrations, events will take place in Station Square and pubs around the town as well as concerts and workshops in The Rockfield Centre, some of which have already sold out. • Hanging baskets and floral have been well received and as the council has no gardener at the moment BID will arrange for planters to be filled thanks to donations from Homebase and A&B. The processes are in place for watering and feeding the plants. • AITC conference was not as well attended as had been hoped but changes will be made for next year. • Business improvement grants have an additional £8 500 added to the pot by A&B which has supported improvements in Combie Street which were much needed. • Sportive was highly successful with 50% of the competitors coming from out with the area. An impact report is expected soon. • Oban Pride have been offered a grant and are well organised with the event expected to be bigger and better than previously. • MacAulay Association have been asked to resubmit their application and have BID branding at the event with it being rebranded the BID MacAulay Cup for next year with BID the major sponsors. • Accounts have been signed. 	AS
6	<p>BID Ballot</p> <ul style="list-style-type: none"> • Aims and objectives have been unchanged since BID began, no need to change. • Why does Oban need a BID remains similar but highlights BID impact during Covid. • History of BID4Oban needs updated to include the last 5 years. 	

	<ul style="list-style-type: none"> • How does the BID benefit the town should include examples of grants and events etc. • BID area – Remains the same. • BID map remains the same. • BID management and staff – remain after ballot or rehire, it was agreed that the same staff should remain. • BID directors – critical we generate more Directors. • Management of the BID – Agreed that it should stay the same. • Consultation process is ongoing until the Business Plan is published. Involving businesses and asking for ideas. • BID Levy – Proposed it does not change as businesses have suffered due to Covid, levy has increased through an increase in number of businesses. • Who will pay the levy will remain unchanged. • Exclusions will remain unchanged. • Levy tables of charges – Remains the same. • Enforcement – Remains the same. • Collection – A&B will continue to be responsible. • Voting process - Ballot organised by A&B. • BID ballot timetable has already been published. • Public sector involvement – 1 elected member 1 council official will be appointed at next council meeting. • Baseline Services agreement – remains unchanged. • Financial management is completely transparent with accounts published annually with an independent accountant and auditor. • Projected income from levy income – circa £160K depending on number and type of businesses. <p>Business Plan</p> <ul style="list-style-type: none"> • The business plan will be produced in draft format by 30/6/2022. • All actions agreed and Proposed: T Cave Seconded: J Forbes. 	AS
7	<p>Fergus Murray update</p> <ul style="list-style-type: none"> • Gibraltar Street out for consultation with exciting signage for 21st C. • Levelling up bid to UK Government features Oban for hydrogen fuelling station and Dunbeg corridor with link road leading to 450 new houses. • New drone hub at Oban Airport trialling delivering school meals. • AITC – council tourism strategy features extending the season, adventure tourism. • Rockfield Centre civic space being discussed. 	FM
	<p>AOB</p> <ul style="list-style-type: none"> • Lack of things to do after September as most castles and museums close, other attractions needed such as concerts after the success of Paulo Nutini concert. • BID working with AITC and promoting oban.org.uk which is 1st on Google when Oban is searched. • Enquiries about Reindeer Parade received already, Scotrail and hotel deals could expand reach for the weekend. Oban has one of the best fireworks displays which could be marketed as an event out with the area with the addition of other events. 	ALL

Operating Agreement

between

Argyll and Bute Council

and

BID 4 Oban Limited

October 2017

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Operating Agreement

Between:

1. Argyll and Bute Council (the “**Council**”) a local authority consisted by the Local Government (Scotland) Act 1994 having its principal place of business at Kilmory, Lochgiliphead, Argyll; and
2. BID 4 Oban Limited (the “**BID Company**”) incorporated as a company limited by guarantee in Scotland with company number SC 435469 and having its registered office at 15 Lochside Street, Oban, PA34 4HP.

Recitals

- (A) The Council and the BID Company are in favour of establishing the BID (as hereinafter defined) and the Council has confirmed that it will not exercise its veto in connection with the BID or the BID Arrangements (as hereinafter defined).
- (B) The Council (or its nominee) is the billing body for the purposes of the BID Legislation and is responsible for the administration, collection and recovery of the BID Levy (as hereinafter defined).
- (C) The Council is responsible for administering the BID Revenue Account (as hereinafter defined) which shall be used towards the operation and funding of the BID Arrangements of the BID in the BID Area (as hereinafter defined).
- (D) The BID Company is responsible for the management, administration and operation of the BID and for using the BID Levy for the purposes of achieving the objectives and aspirations set out in the BID Arrangements (as hereinafter defined and in the BID Company Business Plan).
- (E) Both parties wish to confirm the arrangements by which the BID Levy shall be collected together with general arrangements as to the relationship to be established between the Council and the BID Company for the duration of the BID
- (F) The purpose of this Agreement is to:
 1. establish the procedure for the setting, collection and remittance of the BID Levy (see Part 4 of the Schedule to this Agreement);
 2. confirm the basis upon which the Council will be responsible for collecting the BID Levy (see Part 1 of the Schedule to this Agreement);
 3. set out the enforcement mechanisms available to the Council for collection of the BID Levy;
 4. set out the procedures for accounting and transference of the BID Levy;
 5. provide for the monitoring and review of the collection of the BID Levy;
 6. confirm the manner in which the Council’s expenses incurred (if any) in collecting the BID Levy shall be paid; and
 7. confirm the basis on which the BID Arrangements are to be delivered by the BID Company on behalf of the Council.

It is hereby agreed as follows:

1 Definitions

1.1 “**Annual Report**“ means a report to be prepared by the Council which details the following:-

1. the total amount of BID Levy collected during the relevant Financial Year;
2. the total amount of interest earned on any part of the BID Levy whilst held in the BID Revenue Account;
3. details of the success rate for the collection of the BID Levy;
4. the Council’s proposals (if any) to help improve its efficiency in the collection and enforcement of the BID Levy;
5. details of those BID Levy Payers who have paid the BID Levy and those who have not paid the BID Levy; and
6. the Council’s proposals for bad or doubtful debts;

“**Appeal Notice**“ means a notice to be served by the BID Company in accordance with Clause 10.2;

“**Bad or Doubtful Debts**“ shall have the same meaning as further described in Part 2 of schedule 3 of the Regulations;

“**Ballot Holder**“ means the person appointed by the Council under regulation 7 of the Regulations;

“**Ballot Result Date**“ means the date (not later than seven days from the counting of the ballot papers) upon which a successful ballot result has been declared by the Ballot Holder in favour of putting in place the BID Arrangements;

“**Baseline Services**“ means those services which are provided by the Council within the BID Area which the Council is required to provide as part of its statutory function as a local authority as set out at Part 3 of the schedule;

“**BID**“ means the Business Improvement District which operates within the BID Area and which is managed and operated by the BID Company;

“**BID Area**“ means the precise geographical area which is to be managed and operated by the BID Company and as detailed in the BID Proposal, shown in the map at Part 5 of the Schedule;

“**BID Arrangements**“ means those arrangements to be put in place pursuant to the Regulations for the operation of the BID;

“**BID Ballot**“ means a ballot under section 38(1) of the Planning etc. (Scotland) Act 2006;

“**BID Company’s Report**“ means a report for each Financial Year to be prepared by the BID Company which details the following:-

1. the total income and expenditure of the BID Levy;
2. other income and expenditure of the BID Company not being the BID Levy;
3. a statement of actual and pending deficits; and
4. the various projects and services upon which the BID Levy has been expended by the BID Company;

"BID Levy" means the charge to be levied and collected within the BID area pursuant to the Regulations;

"BID Company's Termination Notice" means a notice to be served by the BID Company on the Council pursuant to Clause 12.9;

"BID Legislation" means Planning etc (Scotland) Act 2006 and associated Regulations as defined in the Business Improvement Districts (Scotland) Regulations 2007;

"BID Levy Payer(s)" means those liable to pay non-domestic rates in the BID or responsible for paying the BID Levy;

"BID Levy Basis and Rules" means the rules set out at Part 1 of the Schedule which sets out how the BID Levy will be calculated, details of Exempt or Discounted Properties and other requirements related to the BID Levy (as may be amended by a successful alteration ballot);

"BID Revenue Account" means the account (within the Council's general ledger) to be set up in accordance with paragraph 16 of the Regulations and operated in accordance with schedule 3 of the Regulations;

"BID Term" means the period not exceeding 5 years from 31 October 2017 or the date on which the BID Arrangements (the Operational Date of the BID Co) come into force.

"Chargeable Period" means the 12 month period commencing from the start of the BID Term, and on the anniversary of the start of the BID Term for the following 4 years;

"Complimentary Services" means those services which are provided by the Council within the BID Area which are additional services to the Baseline Services, as set out at Part 3 of the Schedule;

"Council Funding" means any funding, grants or monies due to be provided by the Council to the BID Company for the purposes of operating the BID;

"Council's Termination Notice" means the notice to be served by the Council on the BID Company pursuant to Clause 12.2;

"Contributors" means the BID Levy Payers or other contributors making voluntary contributions to the BID Company;

"Demand Notice" shall have the same meaning ascribed to it as further set out in the schedule to the Order;

“Electronic Communication” means a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa):

1. by means of a telecommunication system (within the meaning of the Telecommunications Act 1984); or
2. by other means but while in electronic form;

“Enforcement Expenses” means the costs which are reasonably and properly incurred by the Council in issuing a Reminder Notice, obtaining a Summary Warrant and associated administrative expenses which may be incurred in recovering unpaid BID Levy;

“Enforcement Notice” means a notice to be served on the Council as specified in Clause 10;

“Exempt or Discounted Properties” means the class or classes of properties as identified in the BID Levy Rules which shall either be exempt from any requirement to pay the BID Levy or are permitted a discount on the BID Levy;

“External Funding” means any funding, grants or monies due to be provided to the BID Company by the Scottish Government, the European Commission or any other body other than the Council for the purposes of operating the BID;

“Failure Notice” means a notice served by the BID Company on the Council which sets out those aspects of the agreed Statutory or Prevailing Standard which are not being adhered to, requesting that the Council secures immediate compliance with the Statutory or Prevailing Standard;

“Financial Year” means the financial year for the BID Company which runs from 1 April to 31 March;

“Monitoring Group” means the group to be set up to monitor the collection and enforcement of the BID Levy (as referred to in Clause 11);

“Operational Date” means the date upon which the BID Arrangements come into force;

“Order” means The Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007;

“Public Meeting” means the meeting to be held of all BID Levy Payers pursuant to the Public Meeting Notice;

“Public Meeting Notice” means a notice to be served pursuant to Clause 12.2 or 12.9 by either the Council or the BID Company which provides the following:

1. confirmation that either party is considering terminating the BID;
2. details of the venue where the public meeting will be held; and
3. confirmation that all BID Levy Payers who attend will be permitted to make representations;

“Regulations” means the Business Improvement Districts (Scotland) Regulations 2007 and such amendments made by The Scottish Ministers pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 (as may be in force from time to time);

“Reminder Notice” means the notice to be served pursuant to Clause 9.1;

“Schedule” means the Schedule annexed and executed as relative hereto;

“Services” means the administration and management of the BID Revenue Account; and

“Statutory or Prevailing Standard” means the standard as it may be from time to time to which the Council should be providing the Baseline Services and the Complimentary Services as local authority for the BID Area;

“Summary Warrant” means an order obtained from the Sheriff Court having jurisdiction over the BID Area in accordance with the provisions of paragraph 9 of the schedule to the Order.

- 1.2 For the avoidance of doubt where any part of this Agreement is incompatible with the Regulations or any other regulations which The Scottish Ministers may from time to time issue pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 then such part shall be struck out and the balance of this Agreement shall remain.
- 1.3 The headings appearing in this Agreement are for ease of reference only and shall not affect the construction of this Agreement.
- 1.4 Where reference is made to a Clause, Part, or Recital such reference (unless the context requires otherwise) is a reference to a Clause, part, plan, or recital attached to this Agreement.
- 1.5 References to the Council include any successors to its functions as local authority.
- 1.6 References to statutes, bye laws, regulations, orders or delegated legislation shall include any such instrument re-enacting or made pursuant to the same power.

2 Statutory Authorities

This Agreement is made in contemplation of the arrangements envisaged by Part 9 of the Planning etc. (Scotland) Act 2006, the Regulations and all other enabling powers.

3 Commencement

- 3.1 This Agreement is conditional upon the Council approving the proposals and business plan of the BID Company and written confirmation being provided by the Council to the BID Company of that approval and shall not take effect until the Ballot Result Date.
- 3.2 In the period prior to the Ballot Result Date, the Council will procure that the Ballot Holder provides the BID Company with all information as the BID Company may reasonably request in relation to the BID Ballot.

- 3.3 In the event that the BID Arrangements are not voted in favour by the BID Levy Payers on the Ballot Result Date then this Agreement shall terminate and cease to be of any further effect between the parties.
- 3.4 This Agreement will continue in full force and effect in the event of the BID Levy Payers voting in favour of the BID Arrangements.
- 3.5 If, at the end of the BID Term a renewal ballot is held and is successful then the terms of this Agreement shall continue to be of effect for a new BID Term.

4 Obligations of the Council

- 4.1 Immediately upon the declaration by the Ballot Holder on the Ballot Result Date the Council shall:-
 - 4.1.1 calculate the BID Levy due from each BID Levy Payer in accordance with the BID Levy Rules;
 - 4.1.2 confirm in writing to the BID Company the BID Levy payable annually or in 10 instalments per year by each BID Levy Payer;
 - 4.1.3 provide the Baseline Services, which may not be varied in any way or withdrawn without reasonable cause and only with the consent of the BID Company;
 - 4.1.4 provide the Complimentary Services, which may not be varied or withdrawn without first consulting with the BID Company; and
 - 4.1.5 perform all obligations placed upon it under this Agreement and in accordance with the Regulations.

5. Baseline Services and Complimentary Services

- 5.1 The Council shall provide the Baseline Services and Complimentary Services within the BID Area at its own cost and to the Statutory or Prevailing Standard.
- 5.2 In the event that any of the Statutory Baseline Services falls below the Statutory Standard, the BID Company shall be entitled to serve a Failure Notice on the Council.
- 5.3 Upon receipt of a Failure Notice, the Council shall ensure that the relevant Statutory Baseline Services are brought back to the Statutory Standard.
- 5.4 The Statutory Standard may be reviewed from time to time by the Council and the BID Company, in consultation with each other. In the event that the Council and the BID Company cannot agree on the standard to be set, they shall refer the matter to Arbitration under Clause 16.

6. The BID Revenue Account

- 6.1 The Council must in accordance with section 37(1) of the Planning etc. (Scotland) Act 2006 keep an account to be called the BID Revenue Account

and keep the BID Revenue Account in accordance with schedule 3 of the Regulations.

- 6.2 Within 10 days from the Ballot Result Date the Council shall set up a BID Revenue Account within its general ledger and provide written confirmation to the BID Company once this has been carried out.
- 6.3 Within 10 days from the Ballot Result Date the BID Company shall provide the Council with details of its own bank account into which the BID Levy shall be transferred electronically from the BID Revenue Account on production of an invoice by the BID Company in accordance with Clause 8.9.
- 6.4 Where the BID Company receives Council Funding and / or External Funding, the full sum of that Council Funding and / or External Funding (as appropriate) shall be credited directly to the BID Revenue Account with no sums deducted by the Council in accordance with Clause 7 below.
- 6.5 Any commitment by the Council to provide Council Funding to the BID Company for any period exceeding the term of the Council as presently constituted up to the BID Term shall bind any succeeding Council to continue to provide the Council Funding.

7. Debits from the BID Revenue Account

- 7.1 The Council undertakes at all times to adhere to the provisions of Part 2 of schedule 3 of the Regulations.
- 7.2 The Council's charge for the provision of the Services on an annual basis will be £6500 (excluding VAT) (the "**Council Annual Charge**") representing its reasonable administrative costs in providing the Services (to be identified and agreed between the Council and the BID Company) yearly and having effect on the 31 October of each year for which a BID is in place. Charges will be increased annually by CPI based on the increase over the last 12 months from the base in July 2017. The first increase will apply on 31 October 2018, and annually thereafter. Following receipt by the BID Company of a valid VAT invoice, the first payment will be due together with VAT within 4 weeks of receipt, or later by agreement.
- 7.3 A breakdown of the Council Annual Charge is annexed at Part 4 of the Schedule.
- 7.4 The Council shall not debit any sums from the BID Revenue Account without first notifying the BID Company of its intention to do so.
- 7.5. The Council shall be obliged to recover the Enforcement Expenses from the liable BID Levy Payer, in accordance with Clause 9.
- 7.6 The Council shall not be entitled to recover Enforcement Expenses from the BID Company.
- 7.7 The Council shall not write off Bad or Doubtful Debts without the BID Company's prior consent.

8. Collection and Remittance of the BID Levy

- 8.1 The BID Levy will be paid into the BID Revenue Account in accordance with schedule 3 of the Regulations.
- 8.2 Within 14 (fourteen) days of the Ballot Result Date the Council shall confirm in writing to the BID Company:-
 - 8.2.1 the means by which the BID Levy Payer shall be billed for the BID Levy; and
 - 8.2.2 the date when the BID Levy shall first be collected
- 8.3 Pursuant to Clause 8.1.2 the Council shall serve the Demand Notices on each BID Levy Payer and thereafter shall continue to calculate the BID Levy and serve the Demand Notices throughout the BID Term.
- 8.4 The Council shall maintain a list which identifies payment and/or non payment of the BID Levy and shall make this available to the BID Company upon its reasonable request which shall at all times be carried out in accordance with the relevant Data Protection legislation.
- 8.5 The Council shall liaise with the BID Company in carrying out monthly reviews of each property within the BID Area and in the event of any change in the occupier of each property or the merger or division of a property (or provision of an additional property) shall:
 - 8.5.1 serve an updated list of BID Levy Payers upon the BID Company; and
 - 8.5.2 serve a Demand Notice (or alter any existing Demand Notice if appropriate) on the relevant BID Levy Payer.
- 8.6 The Council shall use all reasonable endeavours to collect the BID Levy on the date specified (pursuant to Clause 8.1.2 above) and thereafter on an annual basis and in accordance with the Order.
- 8.7 The Council shall use all reasonable endeavours to take all reasonable steps for collecting the BID Levy which are consistent with its usual procedures for the collection of non-domestic rates. In the event that the Council departs from its usual procedures and decides not to collect an amount of BID Levy, the Council shall consult with the BID Company as to whether or not that amount of BID Levy is recoverable. If the Council and the BID Company fail to reach an agreement, then the BID Company may serve an Enforcement Notice upon the Council under Clause 10 of this Agreement failing which the parties shall refer the matter to Arbitration in accordance with Clause 16 of this Agreement.
- 8.8 The Council shall inform the BID Company of the amount of BID levy monies collected every month.
- 8.9 The BID Levy, as collected by the Council, is within the control of the Council and is ring fenced for the specific purposes of the BID.
 - 8.9.1 The BID Company is the sub contractor engaged by the Council to deliver the BID objectives.

- 8.9.2 The BID Company is making taxable supplies to the Council, and in the normal way must charge VAT to the Council.
- 8.9.3 This VAT will be charged via an invoice that the BID Company will issue to the Council for payment of the BID Levy income (i.e. BID Levy Income plus VAT).
- 8.9.4 The Council can recover the VAT, subject to the normal rules.
- 8.9.5 The BID Company can then recover any VAT that it incurs in delivering the BID projects and services subject to the normal rules.
- 8.9.6 The BID Company shall raise an invoice, plus VAT to the Council every month or less frequently should the BID Company and Council so decide. This invoice shall be based on the information outlined in Clause 8.8, for the total amount of BID Levy monies collected, minus the total of BID Levy monies previously invoiced for in the relevant Financial Year and upon receipt of such invoice or invoices, the Council will be obliged to transmit such monies as are due to the BID Company in terms of the invoices, to the BID Company from the BID Revenue Account within a maximum period of 30 (thirty) days.

Notes

The majority if not all of the income received by the BID Company **from the Council** will be taxable. But there may be certain circumstances where exempt supplies are made. Where such supplies are made any VAT incurred by the BID Company will be irrecoverable.

9 Procedures available to the Council for enforcing payment of the BID Levy

- 9.1 In the event that the BID Levy is not paid within 28 (twenty eight) days from the date that it becomes payable then the Council shall serve a Reminder Notice on such relevant BID Levy Payer which shall:-
 - 9.1.1 identify the sum payable;
 - 9.1.2 provide a further 7 (seven) days for payment to be made; and
 - 9.1.3 confirm that the Council will make an application for a Summary Warrant to recover the unpaid sum.
- 9.2 If after a further 7 (seven) days from the payment date stated in the Reminder Notice the outstanding sum of the BID Levy has not been paid, the Council shall make an application for a Summary Warrant to recover the outstanding sum of the BID Levy.

10 Enforcement Mechanisms for non-collection of the BID Levy by the Council

- 10.1 In the event that the Council is not enforcing payment of the BID Levy pursuant to Clause 9 above the BID Company shall serve the Enforcement Notice on the Council requesting that:-
 - 10.1.1 the Council serves a Reminder Notice; or
 - 10.1.2 the Council obtains a Summary Warrant pursuant to Clause 9.2 above;

within 14 (fourteen) days of receipt of such Enforcement Notice and the Council shall thereafter provide written confirmation of the action taken to recover the unpaid BID Levy.

10.2 If after being served an Enforcement Notice the Council fails to take the requested action within the specified time frame then the BID Company shall serve an Appeal Notice to the Chief Executive of the Council. Such notice shall:-

10.2.1 detail the sum which remains unpaid;

10.2.2 confirm that the Council has failed to use the enforcement mechanisms available to it under this Agreement to recover the sum; and

10.2.3 request a meeting take place between the Chief Executive, relevant officers of the Council and BID Company to achieve a solution and/or agree a strategy to recover the outstanding sum, such meeting to take place in any event no later than 28 (twenty eight) days from service of the Appeal Notice.

10.3 In the event that the Council fails to take any of the steps requested by the BID Company pursuant to Clauses 10.1 and 10.2 (above) the Council shall (within 28 days of receipt of written notice from the BID Company which specifies the amount of BID Levy outstanding) pay the specified sum into the BID Revenue Account and provide written confirmation to the BID Company that this has been done.

11 Accounting Procedures and Monitoring

11.1 Within 2 months from the Operational Date the Council and BID Company shall form the Monitoring Group.

11.2 Every month for the duration of BID Term the Council shall provide the BID Company with a breakdown of:-

11.2.1 the amount of BID Levy for each individual BID Levy Payer;

11.2.2 the BID Levy collected in relation to each BID Levy Payer;

11.2.3 details (together with the outstanding unpaid sum) of those BID Levy Payers who have not paid the BID Levy during those 2 months;

11.2.4 details of the Reminder Notices issued throughout that period; and

11.2.5 details of any Summary Warrants obtained or applied for by the Council.

11.3 Every 6 months (for the BID Term) the BID Company shall provide the Council with the following details:

11.3.1 the total amount of income received from the Contributors (excluding the BID Levy); and

11.3.2 the total expenditure during that 6 month period.

11.4 The Monitoring Group shall meet not less than twice in any one Financial Year and on all other occasions further meetings of the Monitoring Group shall be arranged by the service of written notice by either party on the other, such notice to be provided no less than 28 (twenty eight) days prior to the date of the proposed meeting (or

lesser if otherwise agreed or in cases of emergency) and provided further that such meetings can be dispensed with altogether upon the written agreement of both the Council and the BID Company.

11.5 At each meeting the Monitoring Group shall:

11.5.1 review the effectiveness of the collection and enforcement of the BID Levy;
and

11.5.2 if required, review and assess the information provided by the Council and the BID Company pursuant to Clauses 11.2 and 11.3 above and make any recommendations for implementation as may be agreed (and which are permitted by the Regulations and the terms of this Agreement).

11.6 Within 1 (one) month from the date of the Annual General Meeting the BID Company shall provide the BID Company's Report to the Council.

12 Termination

12.1 The Council undertakes at all times to adhere to the provisions of paragraph 19 of the Regulations.

12.2 The Council shall not be permitted to terminate the BID Arrangements because:

12.2.1 in its opinion there are insufficient finances available to the BID Company to meet its liabilities for the chargeable period for the purposes of the BID Arrangements; or

12.2.2 the Council is unable, as a result of any circumstances beyond its control, to provide the works or services which are secured as part of the BID Arrangements;

unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the Council's Termination Notice on the BID Company (which shall be required to contain the reasons for termination) and within 14 (fourteen) days from the date of service of such notice both parties shall arrange to meet where the purpose of such meeting shall be to discuss and/or agree all or any of the following set out in Clause 12.3 or 12.4 (whichever is applicable).

12.3 Where the Council's Termination Notice relates to Clause 12.2.1 both parties shall agree and/or discuss or review the following matters:

12.3.1 the Council is concerned that the BID Company has insufficient finances to meet its liabilities for that period and details of such concerns should be made available to the BID Company;

12.3.2 alternative means by which the insufficiency of the funds can be remedied;
and / or

12.3.3 an appropriate time frame to resolve matters;

12.4 Where the BID Company's Termination Notice relates to Clause 12.2.2 both parties shall agree and/or discuss or review the following matters:

- 12.4.1 the services or works which it is no longer able to provide together with confirmation and details as to why such works or services cannot be provided;
 - 12.4.2 a review by both parties as to whether such works or services are of material importance to the BID so that termination of the BID Arrangements is the only option;
 - 12.4.3 alternative means of procuring the said services or works by third parties or increased financial funding from the BID Company;
 - 12.4.4 alternative replacement services or works which will be acceptable to the BID Company; and / or
 - 12.4.5 an appropriate time frame to resolve matters.
- 12.5 Notwithstanding Clauses 12.1, 12.2, 12.3 and 12.4 above, the Council shall procure that a Public Meeting is held prior to the termination of the BID Arrangements.
- 12.6 In the event that the parties cannot reach agreement in relation to any of the matters referred to in Clauses 12.3 and 12.4 and subject to consideration of representations made by any BID Levy Payer at the Public Meeting the Council shall be permitted to terminate the BID Arrangements provided that notice by the Council to terminate the BID Arrangements shall be provided to the BID Company no less than 28 days prior to termination taking place.
- 12.7 Upon termination of the BID Arrangements the Council shall review whether there is a credit in the BID Revenue Account and in the event that there are sufficient funds in the BID Revenue Account amounting to a refund of at least £10 for each BID Levy Payer (having already deducted a reasonable sum for the cost of the administration of such refund) to:
- 12.7.1 calculate the amount to be refunded to each BID Levy Payer;
 - 12.7.2 ensure that the amount to be refunded is calculated by reference to the amount payable by each BID Levy Payer for the last chargeable period; and
 - 12.7.3 make arrangements for the amount calculated to be credited against any outstanding liabilities of each BID Levy Payer or, where there are no such liabilities, refunded to the BID Levy Payer.
- 12.8 Upon termination of the BID Arrangements the Council shall as soon as reasonably practicable notify the BID Levy Payers of such termination in accordance with paragraph 19(6) of the Regulations together with confirmation as to whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.
- 12.9 The BID Company shall not be permitted to terminate the BID Arrangements where:
- 12.9.1 the works or services under the BID Arrangements are no longer required; or
 - 12.9.2 the BID Company is unable, as a result of any circumstances beyond its control to provide works and services which are necessary for the BID Arrangements to continue;

unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the BID Company's Termination Notice on the Council and thereafter carried out a proper consultation with all relevant representatives of the BID Area as considered appropriate by the Council.

- 12.10 Upon termination of the BID Arrangements the BID Company shall notify the Council of such termination in accordance with paragraph 19(5) of the Regulations and the Council shall notify the BID Levy Payers pursuant to paragraph 19(6) of the Regulations, together with confirmation as to whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.

13 Confidentiality

Both the Council and the BID Company agree to keep confidential and not to divulge to any person without the prior written consent of the other party all information (written or oral) concerning the business affairs of the other nor any information which has been exchanged about the BID Levy Payers or the Contributors or about other third parties which it shall have obtained or received as a result of operating the BID. This obligation shall survive the termination or lapse of the BID Arrangements.

14 Notices

- 14.1 Any notice or other written communication to be served or given to or upon any party to this Agreement to the other shall be in writing and shall be sent to the registered office or principal place of business of the parties or such substitute address in Scotland as may from time to time have been notified by that party.
- 14.2 A notice may be served by:
- 14.2.1 delivery to the Head of Customer and Support Services at the Council's principal office at Kintyre House, Snipefield Industrial Estate, Campbeltown PA28 6SY or such other address as intimated in writing to the BID Company;
 - 14.2.2 delivery to the Company Secretary at the BID Company's registered office;
 - 14.2.3 registered or recorded delivery post; or
 - 14.2.4 Electronic Communication (provided that it is in legible form and is capable of being used for subsequent reference).
- 14.3 Any notice served shall be deemed to have been validly served or given at the time when in the ordinary course of business it would have been received.

15 Exercise of the Council's Powers

Nothing contained in this Agreement or implied in it shall prejudice or affect the rights, discretions, powers, duties and obligations of the Council under all statutes, bye-laws, statutory instruments, orders and regulations in the exercise of its functions as a local authority.

16 Arbitration

- 16.1 Any dispute or difference between the parties in relation to this Agreement shall be determined by an independent expert.

- 16.2 Such an independent expert shall be agreed between the parties or in default of agreement within five days of a request to agree appointed on the application of either party by the President or other appropriate appointing Officer for the time being of, the Law Society of Scotland in each case being a person under 60 but of not less than 10 years standing and with recent relevant experience of the matter in dispute.
- 16.3 The decision of the independent expert shall be final and binding on the parties and the costs of the independent expert shall be borne as he may determine or otherwise shall be borne between the parties in equal shares.

17 Best Endeavours

The Council and the BID Company each confirm that it is their intention to use their best endeavours to promote the best interests of the BID and to consult fully on all matter materially affecting the development of the BID. The Council and the BID Company shall act in good faith towards each other in order to promote the success of the BID.

18 Governing Law

- 18.1 This agreement and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the law of Scotland.
- 18.2 The parties irrevocably agree that the courts of Scotland have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement. In witness whereof these presents on this and preceding 14 pages together with the Schedule (in five parts) annexed as relative hereto are executed as follows:

Subscribed for and on behalf of Council

at
on
by
before

_____	Witness
_____	Full Name
_____	Address
_____	Occupation

Subscribed for and on behalf of BID 4 Oban Limited

at
on
by
before

_____ Witness

_____	Full Name
_____	Address
_____	Occupation

This is the Schedule (in five parts) referred to in the foregoing Operating Agreement between Argyll and Bute Council and BID4Oban

The Schedule

The BID Levy Basis and Rules

Part 1

Introduction

Part 1 of the Schedule of the Agreement lays down the BID levy basis and rules for the proposed Oban BID levy to be applied to all businesses above a set threshold within the defined footprint of the BID Area.

Rateable Value (Non-Domestic Rates)

The rateable value of all business property within the BID Area is set by the Dunbartonshire and Argyll & Bute Valuation Joint Board upon which the Council levy their charges to businesses.

The non domestic rateable values are re-valued approximately every 5 years. The last valuation took place with effect from 1 April 2017. The next re-valuation is due to take place with effect from 1 April 2022.

BID Levy Threshold

The Oban BID levy threshold will be £3,000, whereby all businesses with a rateable value of £3,000 or greater amount will be required to pay the levy. This figure has been arrived as following analysis of the rateable value of all businesses within the defined footprint of the BID area on the basis of the following factors:

- i) Identification of the rateable value applied to each business;
- ii) Balanced selection of those businesses above a given threshold to produce a cost effective outcome for a given BID levy revenue base on the basis of manageability.

Applicable BID Levy Rate

The levy will be calculated with reference to the rateable value of each property within the BID area. Each rateable value will fall within a banding as follows:

RV range	Total levy per business
£3,000 - £8,399	150
£8,400 - £13,399	250
£13,400 -£39,999	380
£40,000 - £65,999k	530
£66,000 - £99,999	890
£100,000 - £179,999	1030
£180,000+ - £499,999	2300
£500,000 and above	5000

The banding of each property will be determined by their rateable value on the date of the ballot.

New Properties and Tenancies

The BID Levy charge will become payable by new properties and tenancies entering the Valuation Roll at their date of occupation. For these properties and tenancies, the BID Levy charge normally applicable for the complete financial year will be pro-rated for the part of the year.

Charitable Organisations and not-for-profit organisations

Charitable organisations will be exempt from payment of the levy, except where they are charitable retailers or accommodation providers.

The following organisations and bodies will also be exempt from payment:

- All places of worship
- All not-for-profit clubs and organisations
- ATM machines and billboards
- Schools, Pre-5 day nurseries and library
- Social care, housing association & health care premises
- Emergency services: Police, Fire station, Lifeboat

Empty Properties

Under the Non Domestic Ratings system the liability for empty properties reverts to the property owners in all cases where the lease has terminated.

In the event a property becomes vacant the BID levy will be charged to property owners for the proportion of time the property remains vacant in any one financial year.

Levy Charges

The BID levy will be payable on receipt of the separate BID Levy Invoice which will be issued by the Council on behalf of the Oban BID in compliance with the requirements of this Agreement.

Term of BID

The term of the BID Company will not be greater than 5 years from the date of the announcement of the BID ballot result.

Prior to the expiry of the term of the BID a re-ballot will take place.

Non Domestic Rates Re-Valuation

The rateable value of a business property may be revalued by the Dunbartonshire and Argyll & Bute Valuation Joint Board during the BID Term. However, the BID Levy will continue to be based on the rateable value at the date of the ballot irrespective of any such revaluations. The only changes that will be reflected will in respect of splits, mergers and re-organisations where the original rateable value may be apportioned differently over a number of properties. The BID Levy will be updated to reflect these changes only.

Application of VAT to BID Levy Invoices

The BID Levy charge will NOT be subject to VAT.

Inflationary Increases to BID Levy Charge

The BID company will decide whether or not to index-link the levy payment (using CPI) to take account of inflation.

Part 2 The Baseline Services

Service Area	
Activity Area	Street Cleansing and Litter Bin Emptying
Description/ Specification	Litter control around the BID area in compliance with EPA requirements. To clean all routes to the required standard (A Standard) of cleanliness, being free of litter and refuse at the end of each sweep. Attention to dog fouling, flyposting, graffiti, and flytipping as required. Education and Enforcement actions.
Contact	Stuart McCracken – Amenity Services Performance Manager 01631 569160
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, seven days a week
Operational Times	<p>Street Cleansing Mon to Thurs 07:00 - 1500, Friday 07:00 – 14:30 1 x manual barrow sweeper Wednesday – Saturday 07:00 – 15:00, Sunday 07:00 – 14:30 1 x manual barrow sweeper Friday – Monday 07:00 – 15:00, Tuesday 07:00 – 14:30 1 x manual barrow sweeper Litter bin emptying (42 throughout the BID area) Summer – once per day, more frequently as required or directed by supervisor. Winter – 3 times per week, more frequently as required or directed by supervisor</p>
Staffing and Equipment Levels	Full time equivalent staff allocated to BID area = 4.6
Key Performance Indicators	<p>LEAMS (Local Environmental Audit and Management System) Street cleansing monitoring assessments twice per year by external monitors. (Local Authority and Keep Scotland Beautiful)</p> <p>LEAMS cleanliness inspections monthly by in-house staff. LEAMS values are consistently in the mid 70s over the last year, comparable with the national standard of 74 (2010/11).KSB national standard is 67, Amenity Services have set a standard level of 73 with a view to performing at the highest possible standard.</p>
Existing Value of Contract/Service	£183,819*
Boundary Area	All roads within the BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	Sites which fail to meet required standards are attended to within 24hrs
Additional Information or Notes	<p>Main litter sources are smoking, drinks, fast food and confectionary related.</p> <p>* cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area.</p>

	Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.
Service Area	
Activity Area	Commercial Waste Collections*
Description/ Specification	Collection and disposal of commercial waste, including recyclables (paper/card/glass, in line with individual commercial waste contracts
Contact	Stuart McCracken - Amenity Performance Manager 01631 569160
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, five days a week. Collection and disposal of commercial waste from 373 business premises, including commercial recycling (paper/cardboard) collection in line with individual contract agreements. Servicing of commercial glass bins is carried out by Greenlight on the council's behalf.
Operational Times	Core 7am – 4pm Monday – Friday. Special services as required.
Staffing and Equipment Levels	3 operatives, 1 refuse vehicle, 1 paper collection vehicle, 10tonne mini RCV for difficult access areas, 1 multilift/skip vehicle. (resource shared with domestic collection) Full time equivalent staff on commercial waste collection in BID area = 1.8
Key Performance Indicators	Collation of missed bin reports
Existing Value of Contract/Service	£231,282.23
Boundary Area	All contracted premises within the BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	*domestic waste collection is additional to this service but has been requested not to be included within this documentation. Contract value shown is the total charged to customers.

Service Area	
Activity Area	Horticultural and Grounds Maintenance Works
Description/ Specification	The council carries out planting of seasonal bedding, maintenance of shrub beds, grass cutting, hedge trimming, hard surface management (sweeping of paths etc), tree maintenance and maintenance of sports pitches.
Contact	Stuart McCracken - Amenity Performance Area Streetscene Manager 01631 569160
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, five days a week. This includes work to raised brick planters, and at various open spaces around the BID area, such as McCaigs Tower, Corran Parks, Pulpit Hill and Ganavan. Maintenance of 61 public benches is also carried out by this unit. Design and implementation of bedding schemes Weedspraying, litter control, leaf clearance. Grasscutting frequencies are site specific ranging from weekly (on sports pitches) to eight weekly on lower profile sites. Floral bedding displays are overhauled and replaced twice per year, including those in mobile planters, of which there are some 26 around the town
Operational Times	Core 8am – 4pm Monday – Friday. Additional hours as required for special events.
Staffing and Equipment Levels	1 gardener, 1 horticultural mechanic, two grounds maintenance staff General horticultural hand tools, spraying equipment and lawnmowers Specialist sports turf maintenance equipment is held at Mossfield for use on sports pitches throughout the area. There are no operational cemeteries within the BID area Full time equivalent staff allocated to BID area = 3
Key Performance Indicators	Adherence to grass cutting frequencies. Quality inspections carried out by supervisory staff and rectification action taken where necessary
Existing Value of Contract/Service	£176, 932
Boundary Area	All activity within BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	Cost shown is revenue recharge rate. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Service Area	
Activity Area	Roads, pavements and carpark maintenance (including winter maintenance)
Description/ Specification	<p>Maintenance of roads, pavements and carparks. In addition to a general duty of care, legislation provides the basis for powers and duties relating to Road Maintenance. Primarily the Roads (Scotland) Act 1984 and The New Roads and Streetworks Act 1991.</p> <p>Scheduled maintenance activities include: drainage works, patching, pavement maintenance, signage, gritting and winter maintenance. Major resurfacing works are also scheduled when capital budget is made available.</p> <p>Inspection Roads – annual survey by contractor (WDM), followed by more detailed inspection where potential defect development has been identified. Also inspection for safety defects at intervals laid down in maintenance plan. Culverts and manholes – inspect and clean annually Gullys – inspect and clean 3x in two years Fences/barriers/railings – inspected every two years</p>
Contact	Callum Robertson – Roads Performance Manager 01631 569197 Lyndis Davidson – Network & Standards Manager 01546 604 396
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, with specialist contractors brought in when necessary.
Operational Times	Core 8am – 4pm Monday – Friday Winter maintenance times (winter gritting) may be outside these hours in accordance with weather pattern.
Staffing and Equipment Levels	<p>A roads maintenance team is based in Oban but carries out much work beyond the perimeter of the BID area.</p> <p>Within the bid area there are 36.4km of adopted roads</p> <p>Full time equivalent staff = 4 (dependant on variances in annual capital works such as major road resurfacing) A variety of vehicles are available to be deployed depending on type of works being undertaken.</p> <p>The trunk road network is maintained by Scotland TranServ In Oban this is the A85, George Street, Esplanade, Airds Place and Stafford Street (west of George Street)</p> <p>10 Pay & Display car parks are provided and managed within the BID area. Lochavullin car park remains free to use.</p> <p>Car Park locations:</p> <ul style="list-style-type: none"> Ganavan P&D Corran 1 Seasonal P&D Corran 2 P&D Longsdale coach park P&D Longsdale car park FREE (subject to an order to introduce charges) Esplanade P&D North Pier P&D Albany Street P&D Market Street P&D Lochavullin car park FREE (subject to an order to introduce charges) Lochavullin coach/lorry park – P&D Tweedale Street – P&D

Key Performance Indicators	Key Performance Indicators collated and reported. Quality inspections carried out by supervisory staff and rectification action taken where necessary. Category 1 defects should be made safe within 24 hours of identification. Others will be inspected and dealt with as resources permit.
Existing Value of Contract/Service	£83,000* (including winter gritting operations)
Boundary Area	All roads, pavements and carparks within the BID area, with the exception of those managed by Scotland Transerv
Proposed Additional Activity	BID
Cost of Additional Activity	BID
Non Compliance Procedure	
Additional Information or Notes	* cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Service Area	
Activity Area	Street lighting maintenance
Description/ Specification	Provision and maintenance of street lighting and associated electrical control boxes.
Contact	Lyndis Davidson – Network and Standards Manager 01546 604396
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	8am – 4pm Monday - Friday
Staffing and Equipment Levels	<p>Electrical maintenance is carried out by staff shared with other areas. There is no permanent presence in the town.</p> <p>Within the bid area there are 1844 electrical units (including traffic control, street lamps and junction boxes) maintained.</p> <p>Typically, duties are reactive and include a variety of electrical and lighting repairs, along with programmed maintenance works.</p> <p>Inspection - Lighting columns are inspected a minimum of every four years.</p> <p>Full time equivalent staff =0.5 equipped with specialist lighting platform.</p> <p>Lighting along the trunk road network is maintained by BEAR Scotland. In Oban this is the A85, Dunollie Road, George Street, Esplanade, Airds Place and Stafford Street (west of George Street).</p>
Key Performance Indicators	<p>Key Performance Indicators collated and reported.</p> <p>Quality inspections carried out by supervisory staff and rectification action taken where necessary</p> <p>Response time for defects is within 5 working days and this is currently being achieved at a level of 96%</p>
Existing Value of Contract/Service	£10,000*~
Boundary Area	Lighting to all roads, pavements and carparks within the BID area, with the exception of those managed by BEAR Scotland.
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	<p>* cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area.</p> <p>Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.</p>

Service Area	
Activity Area	Pier and harbour maintenance
Description/ Specification	Provision and maintenance of pier, slipway and harbour facilities In addition to a general duty of care, legislation provides the basis for powers and duties relating to these activities, including work to Harbour and Docks Act 1847, Harbour Bylaws and Anti Terrorist legislation concerning Marine Port Security.
Contact	Stewart Clark – Marine Operations Manager 01546 604893 Vicki McKenzie - Harbourmaster 01631 562892
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	Core hours 9am – 5pm Monday – Friday but with significant variances to suit peaks of activity eg at weekends and during summer months.
Staffing and Equipment Levels	Harbourmaster and office, equipped with range of communications equipment. Oil spill response equipment. The council has a responsibility to ensure piers within its ownership are maintained in a serviceable condition. In Oban these are the North Pier, Oban Times Slip, and Port Beag. The harbourmaster is responsible for coordinating vessels which are berthing at the council's piers and collection of harbour and gangway dues. Provision of freshwater. Waste management facilities are provided for vessels using council piers and slips.
Key Performance Indicators	Weekly checks of asset safety for Lifebelts and casings, navigation lights, fenders, coping, bollards, ladders, walls, steps and slips.
Existing Value of Contract/Service	£80,192.12
Boundary Area	All activity within BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	* cost shown is actual revenue expenditure for the BID area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Part 3

Complimentary Services

Service Area	
Activity Area	Public conveniences
Description/ Specification	Provision, cleaning and maintenance of one public convenience in the BID area.
Contact	Stuart McCracken - Amenity Performance Manager 01631 569160
Existing Activity	Works managed and carried out by Argyll & Bute Council staff North Pier facility is staffed and cleaned throughout each day, but staff are not in fulltime attendance.
Operational Times	North Pier open 8am – 9pm (Summer, April – October inclusive), 8am – 6pm Winter (November – February inclusive)
Staffing and Equipment Levels	Public convenience provision is not a statutory function of the council, services are provided as approved by elected members. Full time equivalent staff = 2 (1x 28hours contract; 1x 26 hours contract) No specialist equipment
Key Performance Indicators	Cleanliness inspections are carried out along with annual building assessment surveys.
Existing Value of Contract/Service	£51,500*
Boundary Area	Within the BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	Provision of public conveniences is discretionary ie not a statutory function * cost shown is an approximate value based on budget allocation for service provision in the Lorn area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled. Consideration is being given to opening Ganavan during the winter months in future.

Service Area	
Activity Area	Road signage and street furniture
Description/ Specification	Maintenance of road signs, direction finger posts and benches. Signage inspected and cleaned annually. Benches subject to annual collection, maintenance and redistribution.
Contact	Stuart McCracken - Amenity Performance Manager 01631 569160
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	Core 8am – 4pm Monday – Friday. Service provided as required.
Staffing and Equipment Levels	Full time equivalent staff allocated to BID area = 0.1
Key Performance Indicators	n/a
Existing Value of Contract/Service	£2,000*
Boundary Area	All activity within BID area
Proposed BID Additional Activity	
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	Locations of benches and finger posts noted separately as requested. * cost shown is an approximate value based on revenue budget allocation for service provision in the Lorn area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Service Area	
Activity Area	Festive Lighting until no later than 2018/19
Description/ Specification	Erection of festive lighting along main shopping streets and dressing of 3 festive trees.
Contact	Lyndis Davidson, Network and Standards Manager 01546 604396
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	As required
Staffing and Equipment Levels	Ad hoc staff allocation as necessary for erection and dismantling only. Lighting units are supplied and maintained by others.
Key Performance Indicators	n/a
Existing Value of Contract/Service	2011 cost was £16,000
Boundary Area	Main shopping streets within BID area
Proposed BID Additional Activity	The council is in separate discussions with BID in relation to community led delivery from 2018/19 onwards
Cost of BID Additional Activity	
Non Compliance Procedure	
Additional Information or Notes	Provision of festive lighting is discretionary i.e. not a statutory function, and the funding covers 2017/18 and 2018/19 only.

Part 4**Breakdown of Council's Annual BID Levy collection and administration charge**

Staff time for annual billing, monthly remittances, issue of reminders and finals, issue of adhoc bills for tenancy & other changes, raising of summary warrants, dealing with ratepayer queries.	£4650
Outlays: printing, stationery, postage and summary warrant fees	£1850
Total	£6500

Notwithstanding the requirements as laid down in the foregoing Agreement, Part 4 of the Schedule – BID Levy Detailed Operating Procedures, represents the detailed operating procedures and responsibilities associated with the management of the BID Levy Invoices, BID Levy Payments, BID Revenue Account, Transfer Payments and Bad Debt provisions.

BID Levy Invoices

1. BID Levy Invoices shall be issued by the Council on behalf of the BID Company;
2. The layout and content of the BID Levy Invoices shall follow a similar format to that of the non- domestic rates format but use BID logo;
3. Applicable Terms & Conditions shall be included at the rear of the BID Levy Invoice and in principle shall be similar to those applicable to the payment of non domestic rates;
4. Bank account details for payment of the BID levy by each eligible business shall be included on the BID Levy Invoice and shall be the same as that for the payment of the non domestic rates the Council.

BID Levy Payments

1. Payments shall be made on an annual basis, at the start of the BID term, and on the anniversary of the start of the BID Term for the following 4 years, pursuant to Clause 8.6 of this Agreement as a single payment or in 10 monthly instalments where the levy invoice is more than £150;
2. Levy payers shall have the option to pay the Direct Debit, online into the nominated bank account as described above or by cheque;
3. BID Levy Invoices shall be issued for new properties, amended properties, including split, merged and re-organised properties on a pro-rated basis for the remainder of the financial year.

BID Revenue Account

1. Levy payments shall be paid by the BID Levy Payers into the Council's General Revenue Account and held in this account on a temporary basis until such time as the funds can be transferred to a separate BID Revenue Account;
2. The BID Revenue Account shall be operated in accordance with schedule 3 of the Regulations;

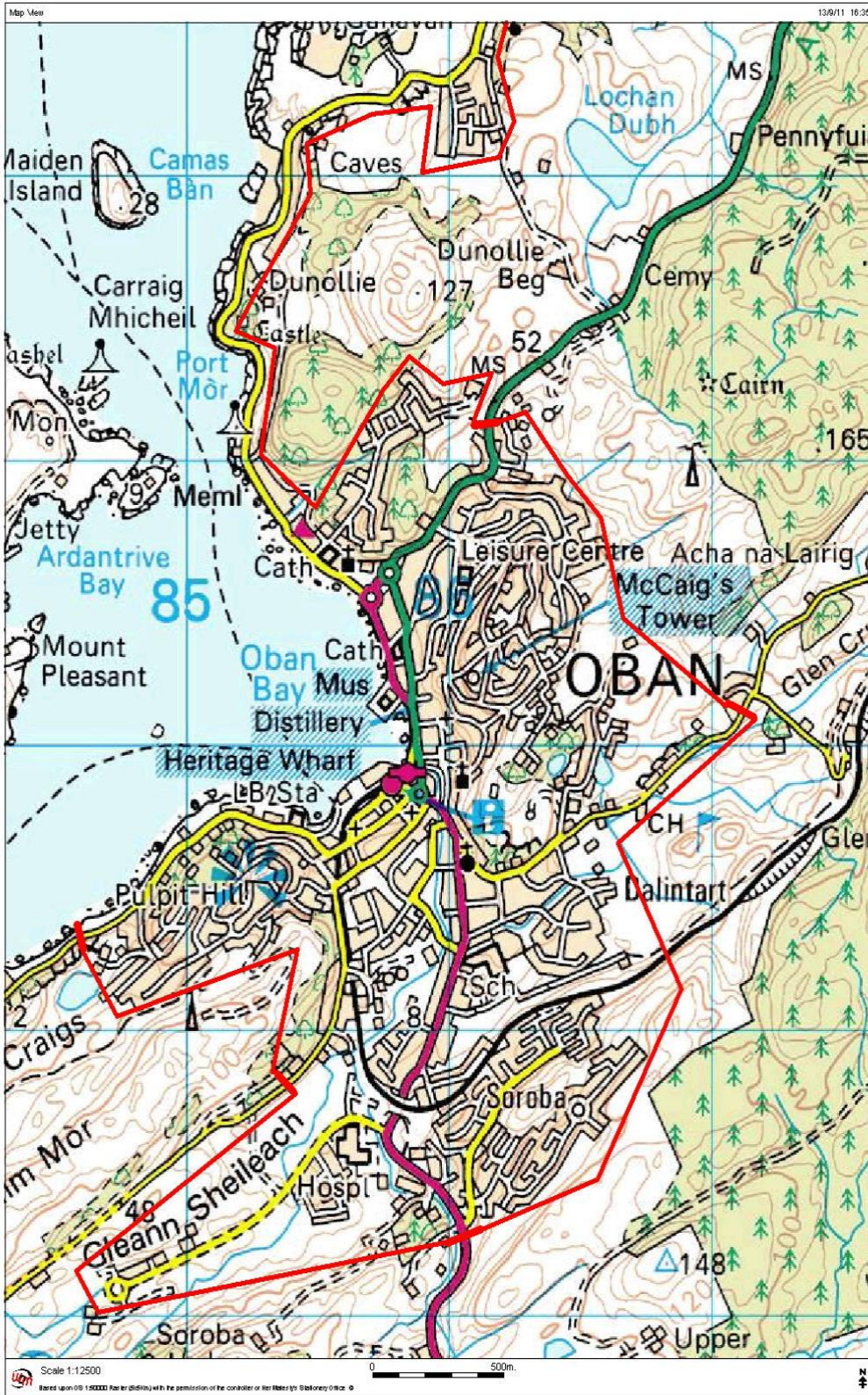
Remittances of the BID Levy to the BID Company

1. Remittances from the Council's BID Revenue Account shall be made expeditiously to the BID Company's bank account, but no later than 30 days from the date of the BID invoice raised by the BID company and generally in pursuance with Clause 8 of this Agreement;

Bad Debtors and Recovery of Bad Debts

1. Bad debtors shall be identifiable by review of the list of those eligible businesses that have NOT paid the BID levy (ie. By exception only). In consequence it shall be the responsibility of the Council to identify any bad debtors;
2. Notwithstanding the obligations on the Council pursuant to Clause 9 of this Agreement the BID Company shall offer every assistance to the Council to persuade BID levy payers to make payment of the BID levy;
3. Bad debts recovered by the Council shall be paid into the Council's General Revenue Account for subsequent transfer to the BID Revenue Account.

Part 5: MAP OF BID AREA



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ARGYLL AND BUTE COUNCIL COUNCIL
CUSTOMER SUPPORT SERVICES 30 JUNE 2022

ARGYLL AND BUTE COUNCIL GAELIC LANGUAGE PLAN

1.0 EXECUTIVE SUMMARY

This report advises Council of an issue that has arisen in relation to the Council's Gaelic Language Plan. It explains the duties of the Council under the Gaelic Language (Scotland) Act 2005 to prepare a plan and the role that Bòrd na Gaidhlig has in approving that plan.

The paper sets out that Bòrd na Gaidhlig have proposed two amendments to the plan that are considered to be material and require a Council decision to proceed.

The paper notes that if agreement cannot be reached with Bòrd na Gaidhlig, the matter will be referred to Scottish Ministers.

It is recommended that Council:

- 1.1 Note the current status of the Council's Gaelic Language Plan
- 1.2 Note that the majority of actions in the plan continue to be delivered;
- 1.3 Agree the amended Target recommended by Bòrd na Gaidhlig: Up to 90% of all primary schools in the Council area will offer Gaelic at L2 or L3;
- 1.4 In respect of the proposed amendment to the Plan by Bòrd na Gaidhlig to establish a Gaelic School agree no further change to the Council's draft Plan as previously approved by the Community Services Committee.

**ARGYLL AND BUTE COUNCIL
CUSTOMER SUPPORT SERVICES**

**COUNCIL
30 JUNE 2022**

ARGYLL AND BUTE COUNCIL GAELIC LANGUAGE PLAN

2.0 INTRODUCTION

- 2.1 The Council has a duty under the Gaelic Language (Scotland) Act 2005 to prepare and publish a Gaelic Language Plan. These plans are submitted to Bòrd na Gàidhlig, a body corporate established by Scottish Ministers, which under section 3(1) or under subsection (3)(b) of this section, must
- (a) approve the plan, or
 - (b) propose modifications to it.
- 2.2 The Plan was agreed by Community Services Committee and sent to the Bòrd for approval. The Bòrd had several comments on the Plan and these have been the subject of correspondence between Council Officers and the Bòrd over a period of time, including some delays during Covid.
- 2.3 The majority of proposed modifications to the Plan were not considered to be material and minor amendments were made. This paper presents two proposed modifications to the plan that officers consider to be material and so are presented to Council for a decision.
- 2.4 Ultimately if we cannot agree the proposed modifications, the matter will be referred to Scottish Ministers.
- 2.5 In the intervening period, the Council has continued to progress with implementation of the agreed actions in the plan, reporting this progress to the Community Services Committee and Bòrd na Gàidhlig acknowledge the positive contribution that the Council is making to the Gaelic Language, particularly in Education, through the delivery of these actions.

3.0 RECOMMENDATIONS

It is recommended that Council:

- 3.1 Note the current status of the Council's Gaelic Language Plan
- 3.2 Note that the majority of actions in the plan continue to be delivered;
- 3.3 Agree the amended Target recommended by Bòrd na Gàidhlig: Up to 90% of all primary schools in the Council area will offer Gaelic at L2 or L3;
- 3.4 In respect of the proposed amendment to the Plan by Bòrd na Gàidhlig to establish a Gaelic School agree no further change to the Council's draft Plan as previously approved by the Community Services Committee.

4.0 DETAIL

- 4.1 The Council prepared, consulted on, reported to Community Services Committee and then submitted our Gaelic Language Plan as required by the Gaelic Language (Scotland) Act 2005 to Bòrd na Gàidhlig.
- 4.2 Bòrd na Gàidhlig considered the plan and proposed a series of amendments. These were reported to the Gaelic Policy Lead Group and agreed to implement those that did not constitute a material change. Any proposals that were considered to be material were then raised with Bòrd na Gàidhlig. This took place over a period of time and reaching a final solution was delayed by Covid prioritisation.
- 4.3 Agreement was reached on all changes apart from two, which are considered to be a material departure from the plan and from Council policy and priorities. These are:
 - 1 - **Action 2.5:** We will encourage the uptake of Gaelic at L2 within all primary schools in the Council area.
Target: Most (75-90%) of all primary schools in the Council area will offer Gaelic at L2 or L3
BnG proposed amendment: A commitment should be given that 100% of primary schools in the Council area will offer Gaelic at L2 or L3
 - 2 - **Action 2.11** In the event of a material change in circumstance, the Council will further consider the feasibility of a Gaelic Primary School.
Target: As circumstances dictate, further investigate the options of a Gaelic School in Argyll
BnG proposed amendment: A commitment should be given to plan for and establish a Gaelic Medium School in Argyll.

4.4 The Head of Customer Services wrote to Bòrd na Gàidhlig on 7th April 2022 advising that the Council did not agree with the aforementioned proposed amendments, setting out the reasons why. These reasons are as follows:

4.4.1 **BnG proposed amendment: A commitment should be given that 100% of primary schools in the Council area will offer Gaelic at L2 or L3**

Argyll and Bute Council is committed to furthering the Gaelic Language and continues to promote it and to develop the curriculum. However, the Council does not consider that a 100% commitment to offering Gaelic at L2 or L3 is achievable and therefore will commit to Most schools (75-90%) offering Gaelic at L2. The Council as Education Authority makes support and resources available for all schools that wish to pursue Gaelic at L2 or L3. The Council cannot, however, compel individual schools to pursue Gaelic. It is a matter for the School Community, engaging with parents and carers representatives, to determine what options are most appropriate.

The Council has considered carefully the target set out and had regard to a number of factors including, the national GLP, the extent to which persons connected with Education use the Gaelic language or seek access to Gaelic Education and the potential for developing the use of the Gaelic language in connection with Education in a manner that is achievable and deliverable. Given the mixed use and uptake of Gaelic across the Council area and the Council's statutory duties, the proposal to commit to Most schools (75-90%) offering Gaelic at L2 is an ambitious but achievable target in all the circumstances.

4.4.2 Following further discussion with Bòrd na Gàidhlig, it was agreed that the target would change to:

Target Up to 90% of all primary schools in the Council area will offer Gaelic at L2 or L3

4.4.3 **BnG proposed amendment: A commitment should be given to plan for and establish a 3-18 Gaelic Medium School in Argyll.**

The Council, as Education Authority, has a statutory responsibility in terms of the Education (Scotland) Act 1980 to secure that there is made for their area adequate and efficient provision of school education and further education. The Council fully discharges that duty while remaining fully compliant with the requirements of the Act.

4.4.4 The powers of the Bòrd are particularly related to increasing, monitoring, encouraging and facilitating the promotion, use and understanding of Gaelic with an advisory role for Government and Public Bodies. Its role in the development of a GLP is to work with public bodies such as the Council is to facilitate the production of plans that will encourage and facilitate the use and understanding of Gaelic in the functions of the Council and enable members of the public, who may wish to use Gaelic, in conducting their daily business with the public authority and employees of the public authority to use Gaelic in the workplace as

part of their normal duties, ensuring that Gaelic continues to be used and that the linguistic diversity of the whole of Scotland is enriched. The Councils proposed GLP achieves those goals.

- 4.4.5 In forming this view, the Council has, once again, had regard to a number of factors including, the national GLP, the extent to which persons connected with Education use the Gaelic language or seek access to Gaelic Education and the potential for developing the use of the Gaelic language in connection with Education in a manner that is achievable and deliverable.
- 4.4.6 The Council currently delivers Gaelic education in the area in an equitable and inclusive way. Our ambition is to maximise Gaelic learning potential across the entire area, the second largest local authority area in Scotland, and not to restrict this geographically to a single building in a single settlement. The approach that we currently take to Gaelic learning is more equitable and inclusive across all of our communities.
- 4.4.7 The demands of establishing a 3-18 school building in Argyll and Bute will place significant and potentially unaffordable cost pressures on both Capital and Revenue budgets, thus reducing funds available to delivering on other statutory education functions and, if delivered in that economic environment, would adversely affect the equity and inclusivity of the current provision leading to a worse outcome overall. The Council wishes to focus its finite resources on the quality of Gaelic Education services rather than on buildings. The Council's Learning Estate Strategy, August 2021 contains no provision in regard to a new Gaelic School; there is no provision in any capital plan for a Gaelic School and there is a lack of certainty around the Council's ability to recruit to and provide the revenue funding for the additional staffing complement that would be required to run a Gaelic School.
- 4.4.8 Whilst the Bòrd have the ambition to establish a 3-18 Gaelic Medium School in Argyll, ultimately, the provision of school infrastructure is one that lies directly with the Council and outwith the province of the Act.
- 4.4.9 If, however, there were to be a material change to the Council's current position, we would undertake to review that position.
- 4.5 Bòrd na Gàidhlig responded to advise that their position remains the same and that they are not prepared to accept the Council's position on this and finally approve the Plan.
- 4.6 This means that the matter, as it is material to the allocation of resources and consideration of Council policy, is referred to members for a decision.
- 4.7 Council should note that all other aspects of the plan are considered to be compliant with the Act and that progress is good.

5.0 CONCLUSION

5.1 The Council has been advised to make material changes to the Gaelic Language Plan by Bòrd na Gàidhlig. This is outwith the remit of officers to determine and therefore the matter is referred to members for determination.

6.0 IMPLICATIONS

6.1 Policy No policy implications directly from this paper.

6.2 Financial There would be unplanned financial costs to the Council if it were to agree to Bòrd na Gadhlig's proposed modification to the plan,

6.3 Legal - The Council has a duty under the Gaelic Language (Scotland) Act 2005 to prepare and publish a Gaelic Language Plan, which has been done and agreed by Community Service Committee. This plan was submitted to Bòrd na Gàidhlig, which under section 3(1) or under subsection (3)(b) of this section, has recommended a modification to this plan. The Council has a statutory duty under the Education (Scotland) Act 1980 to secure...adequate and efficient provision of school education and further education. The Council fully discharges that duty while remaining fully compliant with the requirements of the Act.

6.4 HR – None directly from this report.

6.5 Fairer Scotland Duty:

6.5.1 Equalities - protected characteristics – The Plan as currently approved by the Council has been impact assessed and has no adverse impacts

6.5.2 Socio-economic Duty – The Plan as currently written has no adverse impacts.

6.5.3 Islands – As above

6.6 Climate Change – Construction of new buildings have a climate change impact.

6.7 Risk – Potential disagreement with Bòrd na Gaidhlig and Scottish Ministers

6.8 Customer Service – None

Kirsty Flanagan

Executive Director with responsibility for Customer Support Services

Douglas Hendry

Executive Director with responsibility for Education

Policy Lead - Robin Currie

21.06.22

For further information contact: Jane Fowler, Head of Customer Support Services

ARGYLL AND BUTE COUNCIL**COUNCIL****LEGAL AND REGULATORY
SUPPORT SERVICES****30th JUNE 2022**

POLITICAL MANAGEMENT ARRANGEMENTS

1. INTRODUCTION

- 1.1** This key purpose of this report is to highlight a number of additional requests for appointments to outside bodies that have been submitted to the Council for consideration, following the initial consideration of such appointments at the first meeting of the Council on 19th May 2022. It also provides an update in relation to appointments to the Live Argyll board.

2. RECOMMENDATIONS

- 2.1** The council is invited to make the following appointments:
- a) KIMO (Kommuners International Kiljorganisation) - one representative
 - b) Scottish Joint Council for Local Government Employees - one representative
 - c) Older People's Champion - one member
- 2.2** The Council is asked to note the details of its representation on the Live Argyll Board, as set out at paragraph 3.4.

3. DETAIL

- 3.1** KIMO (Kommuners International Kiljorganisation)
KIMO campaigns on marine pollution issues affecting coastal communities, exchanging information on effective public pollution, clean-up operations and sustainable development. It has 128 members from ten European communities and lobbies national governments, the European Commission and others to take effective actions on issues affecting northern seas.

KIMO in the UK is co-ordinated by Shetland Islands Council, which has contacted the Council requesting the appointment of one representative for the new council term.

3.2 Scottish Joint Council for Local Government Employees

COSLA has contacted the council seeking a nomination to the Scottish Joint Council for Local Government Employees (the SJC).

The SJC is Scotland's largest council in terms of both employer representation and the number of employees covered. The full SJC contains 32 councillors (one from each Scottish local authority), the COSLA Resources Spokesperson, and 33 trades union representatives.

The full SJC meets once a year in November and has decision making authority. In practice, however, decisions about financial matters, and pay in particular, are reserved for COSLA Leaders who provide negotiating remits.

Each council is asked to nominate one member to the SJC. The SJC constitution does not specify anything about the councillor nominated and, while it does not need to be a Leader or Depute Leader, a resources spokesperson or similar may be appropriate. When the nominated councillor is unable to attend a meeting, the constitution allows another councillor to substitute. SJC advises that councils may wish to nominate a member who can deputise in this way, or may wish to address it on an ad hoc basis should the need arise.

3.3 Age Scotland - Older People's Champion

Age Scotland has written to the Leader of the Council asking that Argyll and Bute Council considers joining several other Scottish local authorities in appointing an Older People's Champion.

Age Scotland considers that the group of council Older People's Champions could, working together, be an authoritative collective voice for the older people of Scotland. Appointed Champions have previously met together on a virtual basis, initially twice a year but with some Champions keen to explore scope for more frequent meetings.

Appointing a Champion who participates in a wider group of this nature provides an opportunity to voice local issues on a national level, to exchange ideas, and to be a go-to group when the Scottish Government wishes to consult older people, or on older people's issues.

3.4 Live Argyll Board

Following the appointments made at the meeting of the Council on 19th May 2022, it was discovered that an administrative error had been made

in relation to the number of appointments required to the Live Argyll Board.

Following discussions to resolve this matter, the Council's appointments to the Live Argyll Board are now confirmed as Cllr Maurice Corry, Cllr John McAlpine and Cllr Ian MacQuire.

4. CONCLUSION

- 4.1** This report outlines a number of requests for appointments to external organisations and provides an update in relation to representation on the Live Argyll Board.

5. IMPLICATIONS

- 5.1 Policy** – This is in keeping with the Council's commitment to working in partnership with other agencies to benefit the people and communities of Argyll and Bute.
- 4.2 Financial** – The Council will incur costs arising from Elected Members' participation in some meetings, except where the body has its own allowances scheme.
- 4.3 Legal** – None
- 4.4 HR** – None
- 4.5 Fairer Scotland Duty** - None
- 4.5.1 Equalities - protected characteristics** – None
- 4.5.2 Socio-Economic Duty** - None
- 4.5.3 Islands** - None
- 4.6 Climate Change** - Participation in KIMO provides an opportunity for the council to participate in a wider environmental discussion forum and share ideas/good practice.

4.7 Risk – None

4.8 Customer Service – None

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

15th June 2022

For further information please Patricia O'Neill, Governance Manager - patricia.oneill@argyll-bute.gov.uk or telephone 01546 604384.

ARGYLL & BUTE COUNCIL**COUNCIL****LEGAL AND REGULATORY SUPPORT****30 June 2022**

**EXTRACT OF MINUTE OF PLANNING, PROTECTIVE SERVICES AND LICENSING
COMMITTEE HELD ON 23 MARCH 2022**

* **5. CIVIC GOVERNMENT (SCOTLAND) ACT 1982: TAXI DRIVER/PRIVATE HIRE
CAR DRIVER MEDICALS AND DELEGATION FOR SUSPENSION OF LICENCE**

Consideration was given to a report inviting the Committee to agree to consult private hire/taxi drivers and operators by writing to them seeking their views on the proposed amended procedure for taxi/private hire car driver medicals.

As a consequence of considering the position regarding medicals it was noted that within the Council's Scheme of Delegation there was no delegation to the Executive Director with responsibility for Legal and Regulatory Support to consider the immediate suspension of a licence. The Committee were also asked to give consideration to a recommendation to Council that this delegation be given.

Decision

The Committee agreed to:

1. consult private hire/taxi drivers and operators by writing to them to seek their views on the proposed amended procedure for taxi/private hire car medicals; and
2. recommend to Council that a delegation be given to the Executive Director with responsibility for Legal and Regulatory Support in consultation with the Chair and Vice Chair of the PPSL Committee, to immediately suspend a licence in terms of paragraph 12(1) of Schedule 1 of the Civic Government (Scotland) Act 1982 if they determine that the circumstances of the case justify immediate suspension, on the grounds of undue public nuisance or a threat to public order or public safety.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 23 February 2022, submitted)

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CIVIC GOVERNMENT (SCOTLAND) ACT 1982**TAXI DRIVER/PRIVATE HIRE CAR DRIVER MEDICALS AND DELEGATION FOR
SUSPENSION OF LICENCE**

1. INTRODUCTION

- 1.1 This report relates to the requirement for medicals for taxi/private hire car drivers in terms of the Civic Government (Scotland) Act 1982.

2. RECOMMENDATIONS

- 2.1 This report invites the Committee to agree to consult private hire/taxi drivers and operators by writing to them seeking their views on the proposed amended procedure for taxi/private hire car driver medicals.
- 2.2 That the Committee agree to recommend to the Council that a delegation be given to the Executive Director with responsibility for Legal and Regulatory Support in consultation with the Chair and Vice Chair of the Committee to immediately suspend a licence in terms of paragraph 12(1) of Schedule 1 of the Civic Government (Scotland) Act 1982 if they determine that the circumstances of the case justify immediate suspension, on the grounds of undue public nuisance or a threat to public order or public safety.

3. BACKGROUND

- 3.1 In terms of section 13(4) of the Civic Government (Scotland Act) 1982 a licensing authority may, at any time, for the purposes of satisfying themselves that he is physically fit to drive a taxi or, as the case may be, private hire car, require an applicant for or holder of a taxi driver's licence or private hire car driver's licence to submit to medical examination, at their expense, by a medical practitioner nominated by them.
- 3.2 Originally when the Act came into force Group 1 driving licence standards were applied and those drivers who required medicals obtained written confirmation of their fitness to drive from their GP and submitted this with their application.
- 3.3. In April 2016 the DVLA issued guidance to Licensing Authorities which recommended that taxi drivers and private hire car drivers should be medically assessed to a Group 2 driving licence standard as required for lorry and bus drivers. In November 2016 the Scottish Government wrote to the Conveners of all Licensing Authorities in Scotland specifically directing them to the updated guidance issued by DVLA. The Scottish Government Best Practice Guidance was amended to recommend Group 2 Standards should apply and this was adopted by the Council.
- 3.4 Currently applicants aged 65 years and over who are making an application for a taxi/private hire driver's licence will be required to submit a medical certificate in form D4. This certificate is obtained by the applicant from their GP and any charge levied met by the applicant. Group 2 standards of the medical aspects of fitness to drive booklet applied by DVLA in relation to bus and lorry drivers are applied to taxi drivers in Argyll and Bute.

Applicants requiring insulin treatment for diabetes need to provide evidence supporting C1 medical standards. Should an applicant reach their 65th birthday during the period of the licence, a medical certificate will also require to be produced at that time at a cost to the licence holder.

Initially, GP's were prepared to confirm whether or not the Applicant met the required standards. However, over time they have advised that they are not prepared to confirm this, stating that this is a decision for the DVLA. However the DVLA do not determine the outcome of this process, rather Council's administering the process require to ensure that the medical is determined in accordance with the requirements to a Group 2 driving licence standard.

3.5 This has resulted in the D4 forms used for Group 2 licences being completed by the GP without any recommendation as to fitness to drive.

4. CONSIDERATION

4.1 Consideration has been given to a more robust process and it has been ascertained that a private company are prepared to assess drivers and advise on their fitness to drive.

4.2 This would require applicants to attend an appointment at a central location rather than attend their GP as at present. The locations would be in Glasgow, Oban, Helensburgh, Campbeltown and Dunoon.

4.3 Currently applicants pay GP's £125 for the completed D4 Form. The fee for a medical in terms of the new process would be in region of £50. This would be met by the Council.

4.4 Currently approximately 10 to 15 medicals are required in any year.

4.5 Consultation as part of the Equality and Socia-economic Impact assessment will require to be carried out with taxi/private hire drivers and operators on the proposed new arrangements and a further report placed before members once this consultation has been completed. It is recommended that this consultation take place by writing to them asking their views on the proposal. The period for response will be 1 month. A copy of the Equality and Socia-economic Impact assessment is attached to this report as Appendix 1. It will be updated following the consultation.

4.6 As a consequence of considering the position regarding medicals it is currently noted that within the Council's Scheme of Delegation there is no delegation to the Executive Director with responsibility for Legal and Regulatory Support to consider the immediate suspension of a licence. This is competent in terms of paragraph 12(1) of Schedule 1 of the Act if a licensing authority determine that the circumstances of the case justify immediate suspension. This can be on grounds of undue public nuisance or a threat to public order or public safety; it is recommended that members recommend to the Council that this delegation be made as this would allow a licence to be suspended immediately if for example a driver did not meet the Group 2 standard.

5. CONCLUSION

5.1 A further report will be placed before members following the consultation. Should the Committee agree that the new procedure should be adopted then it will be implemented from 1st July 2022.

5.2 That the Committee agree to recommend to the Council that a delegation be given to the Executive Director with responsibility for Legal and Regulatory Support in consultation with the Chair and Vice Chair of the Committee to immediately suspend a licence in terms

of paragraph 12(1) of Schedule 1 of the Act if they determine that the circumstances of the case justify immediate suspension, on the grounds of undue public nuisance or a threat to public order or public safety

6. IMPLICATIONS

- 6.1 **Policy:** If the recommendations of this report are approved, a number of policies will be developed in relation to medicals for taxi/private hire drivers
- 6.2 **Financial:** None
- 6.3 **Legal:** The recommendations made in this report have taken due consideration of the Council's statutory role, duties and powers under the Civic Government (Scotland) Act 1982.
- 6.4 **HR:** None
- 6.5 **Fairer Scotland Duty:**
 - 6.5.1 Equalities - protected characteristics: An Equisa has been completed and will be updated following the results of the consultation with drivers and operators of taxi and private hire cars
 - 6.5.2 Socio-economic Duty:
 - 6.5.3 Islands: impact on drivers in rural /island areas as would require to attend central location rather than their local GP.
- 6.6 **Climate Change:** None
- 6.7 **Risk:** None
- 6.8 **Customer Service:**

DOUGLAS HENDRY

Executive Director with Responsibility for Legal and Regulatory Support

Policy Lead: Councillor David Kinniburgh – Planning and Regulatory Services

DATE 23-02-2022

For further information contact: Sheila MacFadyen. Senior Solicitor – Legal Services
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Appendix 1 – Argyll and Bute Council: Equality and Socio-Economic Impact Assessment

APPENDIX 1

Argyll and Bute Council: Equality and Socio-Economic Impact Assessment

Section 1: About the proposal

Title of Proposal
Taxi /private hire car driver medicals

Intended outcome of proposal
To have more robust policy for medicals

Description of proposal
To have medicals for taxi/private hire drivers carried out by a private company rather than by their GP's

Business Outcome(s) / Corporate Outcome(s) to which the proposal contributes

Lead officer details:	
Name of lead officer	Sheila MacFadyen
Job title	Senior Solicitor
Department	Customer Services
Appropriate officer details:	
Name of appropriate officer	DAVID LOGAN
Job title	Head of Legal and Regulatory Support
Department	Customer Services
Sign off of EqSEIA	
Date of sign off	01/03/2022

Who will deliver the proposal?
Legal services licensing team

Section 2: Evidence used in the course of carrying out EqSEIA

Consultation / engagement
Consultation will take place with current licence holders before proceeding with the proposal

Data

Other information

Gaps in evidence

Section 3: Impact of proposal

Impact on service users:

	Negative	No impact	Positive	Don't know
Protected characteristics:				
Age				
Disability				
Ethnicity		x		
Sex		x		
Gender reassignment		x		
Marriage and Civil Partnership		x		
Pregnancy and Maternity		x		
Religion		x		
Sexual Orientation		x		
Fairer Scotland Duty:				
Mainland rural population		x		
Island populations		x		
Low income		x		
Low wealth		x		
Material deprivation		x		
Area deprivation		x		
Socio-economic background		x		
Communities of place		x		
Communities of interest		x		

If you have identified any impacts on service users, explain what these will be.

If any 'don't know's have been identified, at what point will impacts on these groups become identifiable?

Impact on service deliverers (including employees, volunteers etc):

	Negative	No impact	Positive	Don't know
Protected characteristics:				
Age		X		
Disability		X		
Ethnicity		X		
Sex		X		
Gender reassignment		X		
Marriage and Civil Partnership		X		
Pregnancy and Maternity		X		

	Negative	No impact	Positive	Don't know
Religion		X		
Sexual Orientation		X		
Fairer Scotland Duty:				
Mainland rural population	X			
Island populations	X			
Low income		X		
Low wealth		X		
Material deprivation		X		
Area deprivation		X		
Socio-economic background		X		
Communities of place		X		
Communities of interest		X		

If you have identified any impacts on service deliverers, explain what these will be.
 Taxi drivers/private hire car drivers will have to attend appointment at mainland central locations which will be more expensive for them rather than attending their own GP. However, they will not have to pay for the medical which will be cost saving.

If any 'don't know's have been identified, at what point will impacts on these groups become identifiable?

How has 'due regard' been given to any negative impacts that have been identified?
 The specialist provider is not able to provide the service in remote locations and in any event, it considered that if a specialist provider were able to do so, to carry out medicals in every location would be prohibitively expensive.

Section 4: Interdependencies

Is this proposal likely to have any knock-on effects for any other activities carried out by or on behalf of the council?	NO
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Details of knock-on effects identified

Section 5: Monitoring and review

How will you monitor and evaluate the equality impacts of your proposal?
 Will monitor on annual basis whether medicals being done and whether any reduction in taxi /private hire drivers as result of new policy