

Public Document Pack

Argyll and Bute Council

Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
4 August 2022

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held **ON A HYBRID BASIS BY ATTENDANCE IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD OR REMOTELY BY MICROSOFT TEAMS** on **THURSDAY, 11 AUGUST 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** (Pages 3 - 6)
Policy and Resources Committee held on 16 June 2022
4. **FINANCIAL REPORTS MONITORING PACK - 30 JUNE 2022** (Pages 7 - 118)
Report by Section 95 Officer
5. **BUDGET OUTLOOK 2023-24 TO 2027-28** (Pages 119 - 138)
Report by Section 95 Officer
6. **SERVICE ANNUAL PERFORMANCE REVIEWS 21/22** (Pages 139 - 188)
Report by Executive Director with responsibility for Customer Support Services
7. **AMENDMENT TO PENSIONS DISCRETIONS POLICY - SHARED COST AVCS**
(Pages 189 - 194)
Report by Executive Director with responsibility for Customer Support Services
8. **UK SHARED PROSPERITY FUND - ARGYLL AND BUTE INVESTMENT PLAN**
(Pages 195 - 238)
Report by Executive Director with responsibility for Development and Economic Growth

9. PLACE BASED INVESTMENT AND CROWN ESTATE FUND 2022/23 – REMAINING FUNDING ALLOCATIONS AND POSSIBLE PROJECTS

(Pages 239 - 246)

Report by Executive Director with responsibility for Development and Economic Growth

10. CLIMATE CHANGE UPDATE

(a) Council Carbon Emissions & Climate Investment 2022 (Pages 247 - 258)

Report by Executive Director with responsibility for Commercial Services

(b) Decarbonisation Plan - Action Tracker & Case Studies (Pages 259 - 300)

Report by Executive Director with responsibility for Commercial Services

REPORTS FOR NOTING

11. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - UPDATE - EXPRESSIONS OF INTEREST / ASSET TRANSFER REQUESTS / REPORTING REQUIREMENTS (Pages 301 - 308)

Report by Executive Director with responsibility for Commercial Services

12. POLICY AND RESOURCES WORKPLAN (Pages 309 - 310)

Policy and Resources Committee

Councillor Robin Currie (Chair)

Councillor Audrey Forrest

Councillor Yvonne McNeilly

Councillor Douglas Philand

Councillor Amanda Hampsey

Councillor Willie Hume

Councillor Reeni Kennedy-Boyle

Councillor Gordon Blair

Councillor Kieron Green

Councillor Jim Lynch

Councillor Gary Mulvaney (Vice-Chair)

Councillor Ross Moreland

Councillor Fiona Howard

Councillor Andrew Kain

Councillor Liz McCabe

Contact: Hazel MacInnes Tel: 01546 604269

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.
- c) 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.
- d) 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**POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****11 AUGUST 2022**

FINANCIAL REPORTS MONITORING PACK – 30 JUNE 2022

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of June 2022. There are five detailed reports, setting out the position as at 30 June 2022, which are summarised in this Executive Summary:

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

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

2.1.1 This report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.

2.1.2 There is no reported overall under or overspend position for the Council at June 2022. As this is early in the financial year it is common for there to be no forecast variances processed at this time.

2.1.3 There is a year to date underspend of £1.087m. The year to date variances tend to relate to the timing of income and expenditure and recharging of costs to capital. The financial ledger system replacement and downtime has meant that budget profiles were unable to be refined in the first quarter of the financial year so profiling issues are a common theme throughout the detailed departmental budget monitoring reports.

2.1.4 With regard to the ongoing financial impact of COVID-19, there are £9.510m of reserves committed to manage the impact of the pandemic. The detail behind these commitments is contained within Appendix 2 of the Reserves and Balances report.

2.1.5 Total policy savings relevant to 2022-23 financial year amount to £1.560m. The table below outlines their progress as at 30 June 2022.

Category	No. of Options	2022-23 £000	2022-23 FTE	2023-24 £000	2023-24 FTE	Future Years £000	Future Years FTE
Delivered	5	235.0	1.4	243.0	1.4	243.0	1.4
On Track to be Delivered	12	603.5	0.5	606.5	0.5	609.5	0.5
Still to be Implemented	2	294.7	0.0	414.3	0.0	414.3	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	4	402.5	0.0	402.5	0.0	402.5	0.0
Delayed	1	24.0	0.0	24.0	0.0	24.0	0.0
TOTAL	24	1,559.7	1.9	1,690.3	1.9	1,693.3	1.9

2.1.6 For those savings approved prior to February 2022, there are four savings categorised as having a shortfall and one currently delayed.

Health and Social Care Partnership (HSCP) – Financial Update

2.1.7 The forecast outturn position at the end of June is an estimated overspend of £0.346m for 2022-23 (£0 for Social Work and £0.346m for Health). The Chief Financial Officer of the IJB is confident that the spend will be brought in line with budget by the end of the financial year.

2.2 Monitoring of Financial Risks

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

2.2.2 There are 6 Council wide revenue risks identified for 2022-23 currently amounting to £3.537m.

2.2.3 There are currently 42 departmental risks totalling £5.795m. Of the 42 departmental risks, one is categorised as almost certain and 5 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence	3	750
Roads and Infrastructure Services	Residual Waste H&L and Tiree	There is a potential increase to tipping fees and haulage costs for H&L residual waste. The Council's supplier Barr Environmental	4	655

		(contract to end of 2023) lost a tribunal relating to the underpayment of landfill tax, which may have led to the Council having to source alternatives at a higher cost. Barr appealed the decision which was heard in the Spring and they won the case which should have reduced or eliminated this financial risk. However, the Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in the cost which officers are currently assessing.		
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	5	500

2.2.5 There have been four changes to the departmental risks since the report as presented to the Policy and Resources Committee on 24 February 2022. These are outlined in paragraph 3.4.1 of the Financial Risks Report.

2.3 Capital Plan Monitoring Report

2.3.1 This report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.

2.3.2 At the budget setting meeting on 25 February 2021, the Council agreed to provide a £2.5m provision for the increase in capital contract costs as a result of COVID-19 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. At the budget meeting in February 2022 an additional £3.9m was set aside for further capital contract increases including up to £1.2m for Campbeltown Flood Scheme.

2.3.3 There are likely to be further financial pressures facing the capital programme that are not able to be quantified at this stage largely relating to inflationary increases in the construction industry and supply chain issues.

2.3.4 Actual net expenditure to date is £3.777m compared to a budget for the year to date of £3.765m giving rise to an overspend for the year to date of £0.012m (0.3%). The variance results from an accumulation of non-material variances across projects.

- 2.3.5 The forecast outturn for 2022-23 is a forecast net expenditure of £29.319m compared to an annual budget of £48.555m giving rise to a forecast underspend for the year of £19.236m (39.6%).
- 2.3.6 The forecast total net projects costs on the capital plan are £177.521m compared to a total budget for all projects of £176.387m giving rise to a forecast overspend for the overall capital plan of £0.134m (0.08%).
- 2.3.7 In respect of total project performance, there are 159 projects within the capital plan, 145 are complete or on target, 14 are off target and recoverable and no projects are off track.

2.4 Treasury Monitoring Report

- 2.4.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.4.2 The net movement in external borrowing for the period 1 April 2022 to 30 June 2022 was a decrease of £10.861m.
- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2022. At this stage in the financial year capital expenditure continues to be below target. Due to delays as a result of the COVID-19 pandemic, capital expenditure has been relatively low over the last twelve months.
- 2.4.4 The levels of investments were £117.9m at 30 June 2022. The average rate of return achieved was 1.351% which compares favourably with the SONIA (Sterling Overnight Index Average) for the same period of 1.064%.

2.5 Reserves and Balances

- 2.5.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.5.2 The Council has a total of £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.5.3 At 31 March 2022, the Council had a total of £103.626m of usable reserves. Of this:
- £2.682m relates to the Repairs and Renewals Fund
 - £4.414m relates to Capital Funds
 - £96.530m was held in the General Fund, with £89.433m of this balance earmarked for specific purposes.
- 2.5.4 Of the earmarked balance of £89.433m:
- £46.923m is invested or committed for major initiatives/capital projects
 - £37.089m is still to be drawn down in 2022-23
 - £5.421m is planned to be spent in future years

2.5.5 The table below summarises the estimated Unallocated General Fund Balance as at the end of the financial year:

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 22	2,482
Current Forecast Outturn for 2022-23 as at 30 June 2022		0
Estimated Unallocated balance as at 31 March 2023		4,323

2.5.6 It can be seen that, after taking into consideration the Budget Motion and the current forecast outturn for 2022-23, the Council is forecast to have a £4.323m surplus over contingency.

2.6 VIREMENTS OVER £0.200m (Revenue)

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

2.6.2 For the periods April to June 2022, there are no virements requiring authorisation.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 30 June 2022
- b) Note the financial risks for 2022-23
- c) Note the capital plan monitoring report as at 30 June 2022 and approve the proposed changes to the capital plan outlined in Appendix 4 of that report.
- d) Note the treasury monitoring report as at 30 June 2022

- e) Consider the reserves and balances report as at 30 June 2022
- f) Note there are no revenue virements over £0.200m between April and June 2022

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2022-23 as at 30 June 2022.
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.5.1	Equalities – protected characteristics -	None.
4.5.2	Socio-economic Duty -	None.
4.5.3	Islands -	None.
4.6	Climate Change -	None.
4.7	Risk -	Risks are included in financial risks report.
4.8	Customer Service -	None.

Kirsty Flanagan
Section 95 Officer
8 July 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

2022-23 Overall Position:

There is no reported forecast under or overspend position for the Council at this time. It is common for there to be no forecast variances reported this early in the financial year.

There is a year to date underspend of £1.087m. The year to date variances within the departments tend to relate to the timing of income and expenditure and recharging of costs to capital. The system replacement and downtime has meant that budget profiles were unable to be refined in the first quarter of the financial year so profiling issues are a common theme through the detailed reports which follow.

Key Highlights as at June 2022:

- The Oracle Fusion system implementation has impacted the year to date position noted for June 2022 as budget profiles were unable to be refined in the first quarter of the financial year. The implementation is progressing well and the issues with profiling will be resolved by the next reporting period.

Key Financial Successes:

Performance against budget for 2021-22 was an overall net favourable position of £1.630m underspend after adjusting for year-end earmarking. This breaks down as:

- £0.815m net underspend in relation to Council service departmental expenditure
- £0.432m net overspend in relation to other central costs
- £1.247m over-recovery of Council Tax income.

Key Financial Challenges:

Ongoing consideration of the financial impact of COVID on the Council's revenue position.

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

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

Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2022-23 budget was agreed in February 2022 there are still budget gaps in future years

Proposed Actions to address Financial Challenges:

Continue to identify additional costs as a consequence of COVID to ensure earmarked COVID funds are applied appropriately.

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

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

The Council will continue to progress savings options identified in 2021-22 that require further development and seek to identify further savings through themed reviews and business process reviews.

Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention on these areas.
Ongoing requirement to fund unavoidable inflationary increases in areas like utility costs, fuel, food etc. This is impacted further by the availability of supply as a result of the COVID-19 pandemic, UK exit from the European Union, invasion of Ukraine and sanctions on Russian owned entities to name a few influencing factors.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.
Cost of living crisis impacting on pay inflation negotiations which could result in pay awards above what is deemed affordable.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

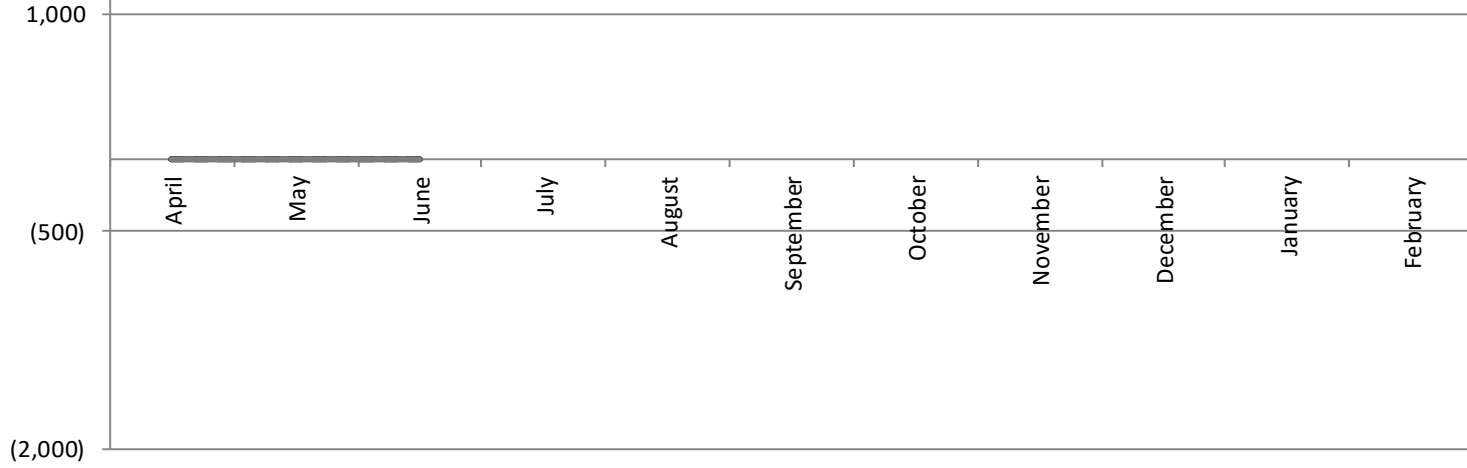
There is no forecast projection for 2022-23 as at the end of June 2022.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	5,925	5,925	0	0	0	No forecast variances reported for any department as at June 2022
Executive Director (Douglas Hendry)	122,282	122,282	0	0	0	
Executive Director (Kirsty Flanagan)	44,121	44,121	0	0	0	
Social Work	72,911	72,911	0	0	0	
Central Budgets	23,887	23,887	0	0	0	
Financed By	(269,126)	(269,126)	0	0	0	
Total	0	0	0	0	0	

Movement in the forecast outturn position for each Department from the start of the financial year

Underspend

£
000



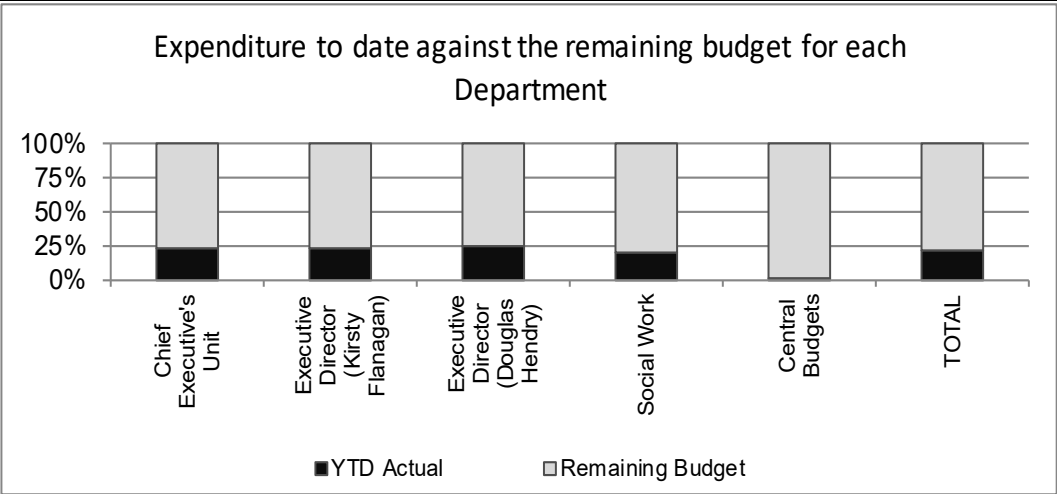
Overspend

- Chief Executive's Unit
- Social Work
- Executive Director (Douglas Hendry)
- - - Executive Director (Kirsty Flanagan)
- Central Budgets

Year to Date Position

The year to date position as at the end of June 2022 is an underspend of £1.087m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	1,423	1,290	(133)	The year to date variance is largely due to profiling of budgets as opposed to genuine under or over spends. This will be rectified in the coming weeks once the new financial ledger system is fully implemented
Executive Director (Douglas Hendry)	30,853	31,835	982	
Executive Director (Kirsty Flanagan)	10,313	8,602	(1,711)	
Social Work	14,629	17,447	2,818	
Central Budgets	276	2,406	2,130	
Funding	(64,811)	(67,810)	(2,999)	
Total Net Expenditure	(7,317)	(6,230)	1,087	



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2022

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	1,423	1,290	(133)	(10.3%)	5,925	5,925	0	0.0%
Executive Director (Kirsty Flanagan)	10,313	8,602	(1,711)	(19.9%)	44,121	44,121	0	0.0%
Executive Director (Douglas Hendry)	30,853	31,835	982	3.1%	122,282	122,282	0	0.0%
Social Work	14,629	17,447	2,818	16.2%	72,911	72,911	0	0.0%
Total Departmental Budgets	57,218	59,174	1,956	3.3%	245,239	245,239	0	0.0%
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(562)	431	993	230.4%	1,988	1,988	0	0.0%
Joint Boards	313	374	61	16.3%	1,496	1,496	0	0.0%
Non-Controllable Costs	525	1,601	1,076	67.2%	20,403	20,403	0	0.0%
Total Central Budgets	276	2,406	2,130	88.5%	23,887	23,887	0	0.0%
TOTAL NET EXPENDITURE	57,494	61,580	4,086	6.6%	269,126	269,126	0	0.0%
<u>Financed By</u>								
Aggregate External Finance	(53,856)	(53,994)	(138)	0.3%	(216,346)	(216,346)	0	0.0%
Local Tax Requirement	(10,955)	(13,816)	(2,861)	20.7%	(55,262)	(55,262)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	2,482	2,482	0	0.0%
Earmarked Reserves	0	0	0	0.0%	0	0	0	0.0%
Total Funding	(64,811)	(67,810)	(2,999)	4.4%	(269,126)	(269,126)	0	0.0%
(Deficit)/Surplus for Period	(7,317)	(6,230)	1,087		0	0	0	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2022

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	35,945	37,580	1,635	4.4%	167,294	167,294	0	0.0%
Premises Related Expenditure	2,234	3,886	1,652	42.5%	16,491	16,491	0	0.0%
Supplies and Services	4,836	5,762	926	16.1%	20,950	20,950	0	0.0%
Transport Related Expenditure	2,881	2,916	35	1.2%	17,004	17,004	0	0.0%
Third Party Payments	29,753	40,835	11,082	27.1%	163,668	163,668	0	0.0%
Capital Financing	(157)	0	157		14,289	14,289	0	0.0%
TOTAL EXPENDITURE	75,492	90,979	15,487	17.0%	399,696	399,696	0	0.0%
Income	(82,810)	(97,210)	(14,400)	14.8%	(399,696)	(399,696)	0	0.0%
(Deficit)/Surplus for Period	(7,317)	(6,230)	1,087		0	0	0	

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2022

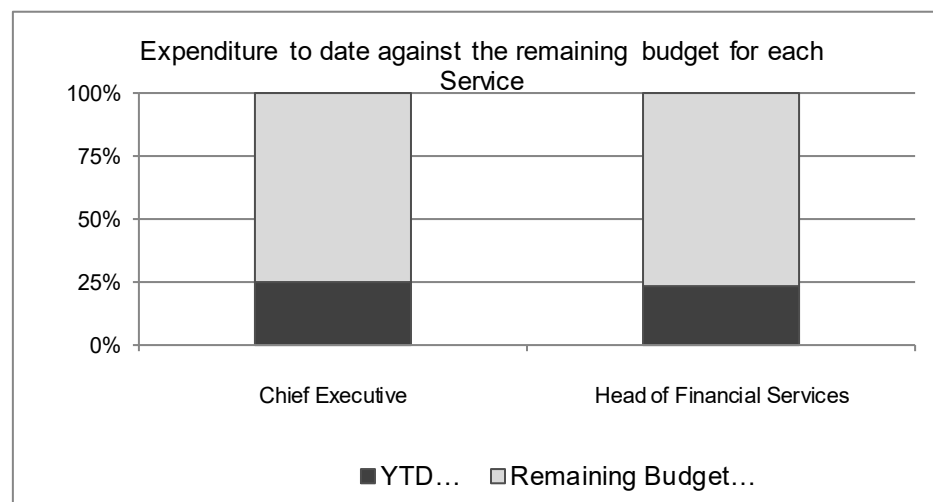
The department is currently forecasting spend in line with budget.

The department has a year to date overspend of £0.133m (10.3%) which can be attributed to profiling issues.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	894	894	0	0	0
Head of Financial Services	5,031	5,031	0	0	0
Totals	5,925	5,925	0	0	0

Year to Date Position



Key Financial Successes:

- The department is currently forecasting that spend will be in line with budget for 2022-23.
- All savings options have been delivered.
- The department's 2021-22 outturn position was an underspend of £0.018m. This resulted from an overall underspend of £2.013m offset by earmarking of £1.769m due to auto-carry forwards including unspent grants and COVID-19 funding and £0.226m of unspent budget earmarkings.

Key Financial Challenges:

To continue to deliver a high quality support service function during a time of substantial uncertainty and challenge arising from continuing reductions in funding whilst costs are increasing due to high inflation and service

Proposed Actions to address Financial Challenges:

Ensure the team is operating as efficiently and effectively as possible to enable continued support to departments with reduced resources by building resilience through knowledge sharing across

<p>demand caused by world events including the COVID-19 pandemic and the conflict in Ukraine.</p>	<p>the team and maximising the benefits to the service from the implementation of the Oracle Fusion Financial Ledger System.</p> <p>Carry out a business process review of the Revenues and Benefits function to determine if there is scope to deliver the service in a more cost effective manner.</p> <p>Work collaboratively with other services of the Council to identify opportunities to improve the operational and financial efficiency of services and to support evidence based decision making.</p>
---	--

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2022

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Executive	65	68	3	4.4%	327	327	0	0.0%	Outwith reporting criteria
Community Planning & Development	158	124	(34)	(27.4%)	567	567	0	0.0%	Profile related overspend on third party payments partially offset by unbudgeted income.
	223	192	(31)	(16.2%)	894	894	0	0.0%	
Accounting & Budgeting	580	468	(112)	(23.9%)	2,138	2,138	0	0.0%	Overspend caused by profiling issues on income budgets (will be rectified July) and spend for which earmarkings require to be drawn down
Internal Audit & Fraud	54	49	(5)	(10.2%)	252	252	0	0.0%	Overspend caused by profiling issues on income budgets (will be rectified July) partially offset by underspend in staffing due to vacancy
Revenues & Benefits	(17)	447	464	103.8%	2,093	2,093	0	0.0%	Underspend from Housing Benefits Private which is normally reprofiled to avoid large variances due to the nature of the cost centre - this was not possible in June due to the new financial system implementation
Scottish Welfare Fund	583	134	(449)	(335.1%)	548	548	0	0.0%	Profile related overspend on third party payments and income accrued but not yet received in
	1,200	1,098	(102)	(9.3%)	5,031	5,031	0	0.0%	
	1,423	1,290	(133)	(10.3%)	5,925	5,925	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	1,057	1,071	14	1.3%	5,031	5,031	0	0.0%	Outwith reporting criteria
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	145	140	(5)	(3.6%)	579	579	0	0.0%	Outwith reporting criteria
Transport	2	8	6	75.0%	32	32	0	0.0%	Underspends on staff travel budgets
Third Party	4,637	6,241	1,604	25.7%	24,962	24,962	0	0.0%	Profiling issues on Housing Benefits Private budget
Income	(4,418)	(6,170)	(1,752)	28.4%	(24,679)	(24,679)	0	0.0%	Profiling issues on Housing Benefits Private budget
Totals	1,423	1,290	(133)	(10.3%)	5,925	5,925	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 30 JUNE 2022

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2022

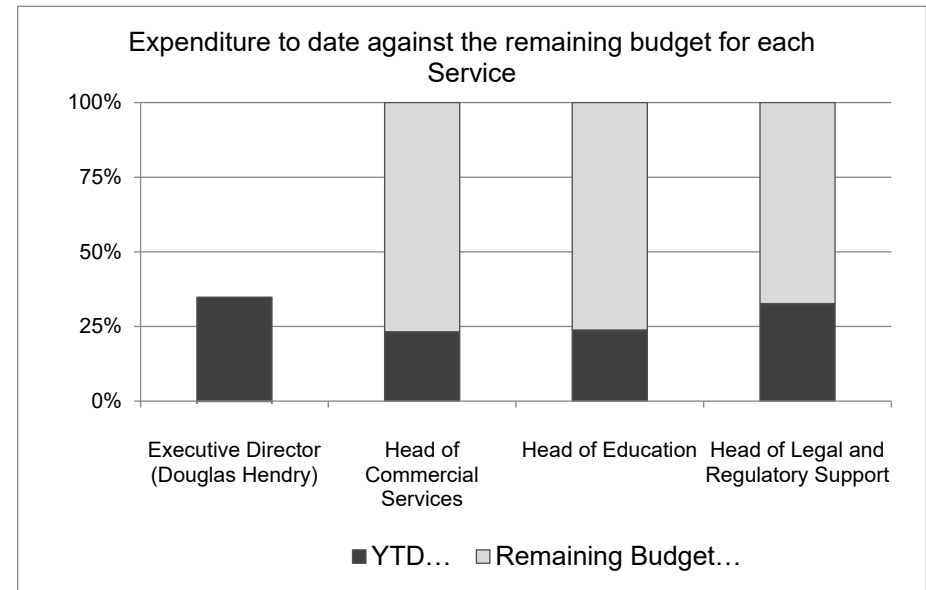
The department is currently forecasting spend in line with budget. It is common for there to be no forecast variances reported this early in the financial year.

The department has a year to date (YTD) underspend of £0.982m (3.1%). The year to date underspend position is mainly due to budget profiling which will be refined through July 2022 once the new financial ledger system is fully functional.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	(61)	(61)	0	0	0
Head of Commercial Services	9,645	9,645	0	0	0
Head of Education	93,648	93,648	0	0	0
Head of Legal and Regulatory Support	19,050	19,050	0	0	0
Totals	122,282	122,282	0	0	0

Year to Date Position



Key Financial Successes:

The 2021-22 year-end consolidated outturn position was an under spend of £0.223m after adjusting for earmarkings. This was due to the effective contract management of NPDO and Hub Schools contracts, including a lower than expected insurance premium as a result of the annual renegotiation of insurance costs. Also the costs of COVID were contained and minimised where possible across departments with staff from all areas of the service assisting in planning, implementing and delivering a wide range of additional services in schools and communities and helping businesses through the return from lockdown.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The ongoing impact of COVID-19	Costs are being contained where possible.
Impact of numbers/uptake in demand led service areas like catering, design services and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Manage the impact of the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020, on the cost of producing school meals and also the uptake.	Monitor and report on the impact on costs and on income as the year progresses.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council as well as delivery of free school meals for 1140 hours of Early Learning and Childcare and the phased universal free school meals expansion in Primary Schools.	Effective working with partners and support with implementation of service delivery method. Continual monitoring and review of budgets.
Legislative/policy requirements not fully funded by Scottish Government which may put additional burdens on the Council. For example, the introduction of free school meal payments for holidays.	Analysis of new obligations and whether they incur additional costs not met through increased grant.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare. The initial funding from Scottish Government was based on individual implementation plans with funding confirmed up to March 2022. The ring fenced grant has been reduced in 2022-23 and an exercise is required to ensure that the service can be delivered efficiently and effectively within this reduced funding allocation.	Robust service costings, financial monitoring and timely reporting to ensure the service can continue to deliver the service within the financial resources available.
Impact of high inflationary uplifts within the NPDO/HUB School contracts.	Ensuring continued effective contract management of NPDO/HUB Schools to minimise the impact of high inflationary uplifts.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Douglas Hendry)	Central/Management Costs	70	69	(1)	(1.5%)	(61)	(61)	0	0.0%	Outwith Reporting Criteria
		70	69	(1)	(1.5%)	(61)	(61)	0	0.0%	
Head of Commercial Services	Catering	(58)	125	183	146.4%	1,110	1,110	0	0.0%	The YTD underspend of £183k is due to the profiling of the catering purchases budget, this will be refined through July.
Head of Commercial Services	Central/Management Costs	230	207	(23)	(11.1%)	950	950	0	0.0%	The YTD overspend of £23k is due to profiling of Our Modern Workspace budget which will be refined through July.
Head of Commercial Services	CHORD	47	(5)	(52)	1040.0%	20	20	0	0.0%	The YTD overspend of £52k is due to the profiling of Income which will be refined through July.
Head of Commercial Services	Cleaning	(43)	31	74	238.7%	417	417	0	0.0%	The YTD underspend of £74k is due to the profiling of staffing budgets which will be rectified in July.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	1,420	1,459	39	2.7%	5,812	5,812	0	0.0%	Outwith Reporting Criteria

Head of Commercial Services	Events & Commercial Catering	41	(15)	(56)	373.3%	(22)	(22)	0	0.0%	The YTD overspend of £56k is partially due to an under recovery of income from events and profiling which will be refined through July.
Head of Commercial Services	Property Portfolio	(93)	(49)	44	(89.8%)	(194)	(194)	0	0.0%	The YTD underspend of £44k is due to the profiling of rental income and surplus property budgets. These will be refined through July.
Head of Commercial Services	Property Services	495	61	(434)	(711.5%)	500	500	0	0.0%	The YTD overspend of £434k is due to the profiling of internal property fees, this profile will be rectified in July.
Head of Commercial Services	Shared Offices	204	325	121	37.2%	1,052	1,052	0	0.0%	The YTD underspend is due to the timing of the central repairs invoicing and utilities profiling, both of which will be rectified through July.
		2,243	2,139	(104)	(4.9%)	9,645	9,645	0	0.0%	
Head of Education	Additional Support for Learning	2,099	2,342	243	10.4%	9,874	9,874	0	0.0%	The YTD underspend of £243k is due to profiling of staffing budgets and third party payment budgets. All will be refined through July.
Head of Education	Central/Management Costs	434	437	3	0.7%	1,476	1,476	0	0.0%	Outwith Reporting Criteria
Head of Education	Community Learning & Development	(7)	2	9	450.0%	10	10	0	0.0%	The YTD underspend of £9k is profile related and will be rectified in July.

Head of Education	COVID	242	0	(242)	0.0%	414	414	0	0.0%	The YTD overspend of £242k is mainly due to the profiling of Covid Hardship Funding payments which will be rectified in July.
Head of Education	Early Learning & Childcare	3,182	4,606	1,424	30.9%	8,324	8,324	0	0.0%	The YTD underspend of £1.424m is due to profiling of Employee, Third Party Payments and Income Budgets. Some alignment of staffing budgets is also required.
Head of Education	Primary Education	8,458	8,261	(197)	(2.4%)	34,433	34,433	0	0.0%	The YTD overspend of £197k is due to profiling issues with Employee Budgets and Catering Income budgets. All will be refined through July. There are also a number of budget adjustments required to align covid funding to current spend that will be processed in July.
Head of Education	Pupil Support	448	536	88	16.4%	2,169	2,169	0	0.0%	The YTD underspend is due to profiling issues with Employee budgets, Third Party Payment Budgets and Government Grants. All will be refined through July.
Head of Education	Schools - Central Services	544	625	81	13.0%	2,665	2,665	0	0.0%	The YTD underspend of £81k is mainly due to profiling of Employee, Supplies and Services and Income Budgets which will be refined through July. There is an overspend of £15k in Education Licenses and budget will require to be identified from within the service to fund this overspend.

Head of Education	Secondary Education	6,910	7,944	1,034	13.0%	34,283	34,283	0	0.0%	The YTD underspend of £1.034m is mainly due to profiling issues with Employee Expenses and Income budgets which will be refined through July. £439k of this underspend is accrued expenditure for SQA Exam Fees that will be eliminated when the invoice is received and paid. There are also a number of budget adjustments required to align Covid funding to current spend that will be processed in July.
		22,310	24,753	2,443	9.9%	93,648	93,648	0	0.0%	
Head of Legal & Regulatory Support	Central/Management Costs	49	55	6	10.9%	258	258	0	0.0%	The YTD underspend of £6k is due to profiling issues that will be refined through July.
Head of Legal & Regulatory Support	Community Safety	39	35	(4)	(11.4%)	161	161	0	0.0%	The YTD overspend of £4k is due to profiling issues that will be rectified through July.
Head of Legal & Regulatory Support	Elections	65	95	30	31.6%	386	386	0	0.0%	The YTD underspend of £30k is due to profiling issues that will be rectified through July.
Head of Legal & Regulatory Support	Governance	163	169	6	3.6%	784	784	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	109	115	6	5.2%	542	542	0	0.0%	Outwith Reporting Criteria

Head of Legal & Regulatory Support	Legal Services	150	131	(19)	(14.5%)	677	677	0	0.0%	The YTD overspend of £19k is due to profiling of Employee and Income Budgets which will be rectified through July.
Head of Legal & Regulatory Support	NPDO and Hub Schools	5,171	3,910	(1,261)	(32.3%)	14,512	14,512	0	0.0%	The YTD overspend of £1.261m is due to the profiling of Income Budgets and will be rectified through July.
Head of Legal & Regulatory Support	Procurement, Commissioning and Contracts	212	238	26	10.9%	1,132	1,132	0	0.0%	The YTD underspend of £26k is partly due to staff vacancies and also profiling of Employee Budgets which will be refined through July.
Head of Legal & Regulatory Support	Trading Standards & Advice Services	272	126	(146)	(115.9%)	598	598	0	0.0%	The YTD overspend is mainly due to payments being made to advice services that will be rectified by drawing down funds held in earmarked reserves.
		6,230	4,874	(1,356)	(27.8%)	19,050	19,050	0	0.0%	
		30,853	31,835	982	3.1%	122,282	122,282	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	20,877	21,793	916	4.2%	93,452	93,452	0	0.0%	Non-Education: YTD underspend of £137k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Education: YTD underspend of £779k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July.
Premises	1,487	1,683	196	11.7%	7,207	7,207	0	0.0%	Non-Education: YTD underspend of £146k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Education: YTD underspend of £50k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July.
Supplies and Services	2,396	2,919	523	17.9%	10,276	10,276	0	0.0%	Non-Education: YTD underspend of £299k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Education: YTD underspend of £223k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July.
Transport	73	64	(9)	(14.1%)	256	256	0	0.0%	Non-Education: YTD underspend of £6k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Education: YTD overspend of £15k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July.
Third Party	7,904	10,154	2,250	22.2%	39,250	39,250	0	0.0%	Non-Education: YTD underspend of £120k due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Education: YTD underspend of £2.129m due to profiling, budget required to be profiled across department in line with anticipated spend and will be rectified in July. Also £439k accrued expenditure for SQA Exams which will be eliminated when invoice received from SQA.
Income	(1,884)	(4,778)	(2,894)	60.6%	(28,159)	(28,159)	0	0.0%	Non-Education: YTD overspend of £2.171m due to profiling, budget required to be profiled across department in line with anticipated receipt of income and will be rectified in July. Education: YTD underspend of £0.722m due to profiling, budget required to be profiled across department in line with anticipated receipt of income and will be rectified in July.
Totals	30,853	31,835	982	3.1%	122,282	122,282	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 30 JUNE 2022

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 30 JUNE 2022

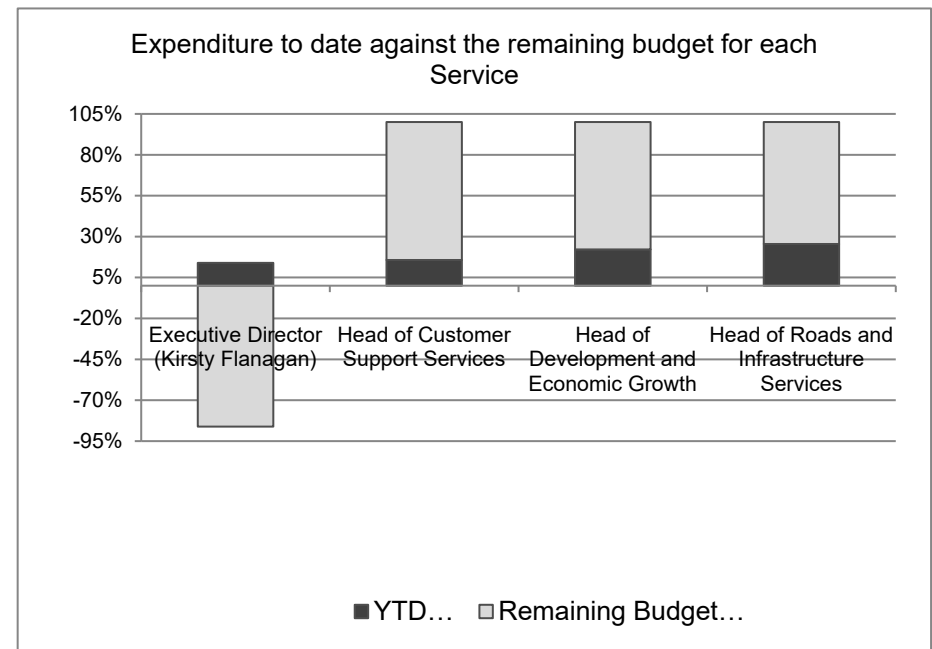
The department is currently forecasting spend in line with budget. It is common for there to be no forecast variances reported this early in the financial year.

The department has a year to date overspend of £1.711m (19.9%). This is mainly due to profiling adjustments which will be refined through July 2022 once the new financial ledger system is fully functional. These profiling adjustments largely relate to income budgets within Roads and Marine services.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	(270)	(270)	0	0	0
Head of Customer Support Services	8,152	8,152	0	0	0
Head of Development and Economic Growth	7,710	7,710	0	0	0
Head of Roads and Infrastructure Services	28,529	28,529	0	0	0
Totals	44,121	44,121	0	0	0

Year to Date Position



Key Financial Successes:

At the end of financial year 2021-22 the department showed an overall underspend of £0.574m after taking into account all earmarkings. The main underspends were due to the over-recovery of vacancy savings, additional income in Environmental Health from Private Water Supply Appraisals and additional Planning Fee income which was partially offset by the under-recovery of Building Warrant income. Overall there was a favourable net position.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The impact of COVID-19	Costs are being contained where possible.
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Dangerous buildings as there is no budget for this expenditure and the council has no control over the demand for the service.	Building Standards, Legal Services and Financial Services are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> • The introduction of the Deposit Return Scheme • Uncertainty with recycling income/ gate fee costs due to the volatility of the market • Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste 	To closely monitor all service components of Waste Management and review the Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	Close monitoring of Winter Maintenance and reporting of the financial implications through the budget monitoring process. The Council agreed the winter policy, setting out the intervention level and locations to be treated. The number of treatments is determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and metrological service which is collaboratively procured by West of Scotland local authorities.
Rising cost of materials across the service will result in a reduction in activity or overspends. Specifically there have been significant increases in the price of salt and bitumen in recent months.	Costs are monitored regularly and contained as much as possible, with any unavoidable overspends highlighted as soon as known.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Kirsty Flanagan)	Central/Management Costs	52	53	1	1.9%	(270)	(270)	0	0.0%	Outwith Reporting Criteria
		52	53	1	1.9%	(270)	(270)	0	0.0%	
Head of Customer Support Services	Central/Management Costs	29	36	7	19.4%	166	166	0	0.0%	Profile of budget in payments to other bodies needs to be profiled in line with planned expenditure timings.
Head of Customer Support Services	Communications	18	65	47	72.3%	306	306	0	0.0%	Bord na Gaidhlig income received in advance of expenditure.
Head of Customer Support Services	Customer Service Centres	268	294	26	8.8%	1,321	1,321	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	HR	418	485	67	13.8%	2,287	2,287	0	0.0%	Vacancies in Performance Management - vacancy savings not yet processed.
Head of Customer Support Services	ICT	584	882	298	33.8%	3,994	3,994	0	0.0%	Profile of budgets in supplies and services needs to be profiled in line with planned expenditure timings.
Head of Customer Support Services	Registrars	(37)	3	40	1333.3%	78	78	0	0.0%	Vacancy savings have not yet been taken and income profile needs to be adjusted.
		1,280	1,765	485	27.5%	8,152	8,152	0	0.0%	
Head of Development & Economic Growth	Airports	330	268	(62)	(23.1%)	1,163	1,163	0	0.0%	Private contractor budget needs to be profiled in line with anticipated expenditure.
Head of Development & Economic Growth	Building Control	(103)	1	104	10400.0%	(108)	(108)	0	0.0%	Income currently ahead of budget profile which will be closely monitored over the coming months.
Head of Development &	Central/Management Costs	96	122	26	21.3%	574	574	0	0.0%	Budget profile needs to be amended.

Economic Growth										
Head of Development & Economic Growth	Culture & Heritage	17	49	32	65.3%	216	216	0	0.0%	Budget for Rothesay Pavilion not currently needed - will be profiled for future monitoring.
Head of Development & Economic Growth	Development Management	(137)	3	140	4666.7%	238	238	0	0.0%	Planning Fee income currently ahead of profile.
Head of Development & Economic Growth	Development Policy	72	80	8	10.0%	379	379	0	0.0%	Subscription budgets need to be profiled in line with anticipated expenditure.
Head of Development & Economic Growth	Economic Development	(209)	272	481	176.8%	1,038	1,038	0	0.0%	Income for Islands Infrastructure Fund received in advance of payments.
Head of Development & Economic Growth	Environmental Health	187	233	46	19.7%	1,284	1,284	0	0.0%	Income for Private Water Supply Appraisal currently ahead of budget profile which will be closely monitored over the coming months.
Head of Development & Economic Growth	Environmental Initiatives	44	24	(20)	(83.3%)	114	114	0	0.0%	Profile of third party payment.
Head of Development & Economic Growth	Housing	1,397	951	(446)	(46.9%)	2,593	2,593	0	0.0%	Expenditure payments for HEEPS incurred prior to grant income being received.
Head of Development & Economic Growth	Transportation Policy	13	49	36	73.5%	219	219	0	0.0%	CWSS income received in advance of expenditure.
		1,707	2,052	345	16.8%	7,710	7,710	0	0.0%	
Head of Roads & Infrastructure Services	Amenity	802	684	(118)	(17.3%)	2,792	2,792	0	0.0%	Income budget requires to be profiled in line with anticipated income timings.
Head of Roads & Infrastructure Services	Car Parking	(98)	(166)	(68)	41.0%	(619)	(619)	0	0.0%	Income budget requires to be profiled in line with anticipated income timings.

Head of Roads & Infrastructure Services	Central/Management Costs	652	635	(17)	(2.7%)	2,896	2,896	0	0.0%	Outwith Reporting Criteria
Head of Roads & Infrastructure Services	Depots	94	(91)	(185)	203.3%	(469)	(469)	0	0.0%	Income budget requires to be profiled in line with anticipated income timings.
Head of Roads & Infrastructure Services	Fleet & Transport	2,191	727	(1,464)	(201.4%)	8,260	8,260	0	0.0%	Income budget requires to be profiled in line with anticipated income timings.
Head of Roads & Infrastructure Services	Infrastructure	85	142	57	40.1%	720	720	0	0.0%	Coastal and Flood budget requires to be profiled in line with anticipated expenditure.
Head of Roads & Infrastructure Services	Marine	(293)	(1,515)	(1,222)	80.7%	(4,371)	(4,371)	0	0.0%	Income behind budget profile - profile will be amended and income levels closely monitored.
Head of Roads & Infrastructure Services	Network & Traffic Management	55	25	(30)	(120.0%)	166	166	0	0.0%	Income behind budget profile - profile will be amended and income levels closely monitored.
Head of Roads & Infrastructure Services	Road Safety	20	38	18	47.4%	178	178	0	0.0%	Vacancy savings not yet been taken.
Head of Roads & Infrastructure Services	Roads & Lighting	2,702	1,282	(1,420)	(110.8%)	6,143	6,143	0	0.0%	Income budget requires to be profiled in line with anticipated income timings.
Head of Roads & Infrastructure Services	Waste	1,064	2,971	1,907	64.2%	12,833	12,833	0	0.0%	Income ahead of budget profile - profile will be looked and income levels monitored closely.
		7,274	4,732	(2,542)	(53.7%)	28,529	28,529	0	0.0%	
		10,313	8,602	(1,711)	(19.9%)	44,121	44,121	0	0.00%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	7,084	7,560	476	6.3%	35,352	35,352	0	0.0%	Vacancy savings have not yet been taken for vacant posts throughout the department. Budget for overtime needs to be profiled in line with anticipated expenditure i.e. winter months.
Premises	575	746	171	22.9%	2,990	2,990	0	0.0%	Depot recharge budget needs profiled in line with anticipated expenditure and current underspend in CRA budgets across the department.
Supplies and Services	1,772	1,990	218	11.0%	8,061	8,061	0	0.0%	Profile of budgets in ICT needs to be profiled in line with planned expenditure timings.
Transport	2,679	2,676	(3)	(0.1%)	15,837	15,837	0	0.0%	Outwith Reporting Criteria.
Third Party	6,817	8,533	1,716	20.1%	35,828	35,828	0	0.0%	Budget requires to be profiled in Waste and Roads and Lighting Holding Account, and across the department, in line with anticipated expenditure timings.
Capital Financing	0	0	0	0.0%	1,591	1,591	0	0.0%	Outwith Reporting Criteria.
Income	(8,614)	(12,903)	(4,289)	33.2%	(55,538)	(55,538)	0	0.0%	Budget for Roads Operational Holding Accounts needs profiled in line with anticipated income timings (£2,239k). Accruals for HEEPS income still outstanding (£705k). Public transport income needs profiled in line with anticipated income timings (£1,285k)
Totals	10,313	8,602	(1,711)	(19.9%)	44,121	44,121	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 30 JUNE 2022

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

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

SOCIAL WORK – AS AT 30 JUNE 2022

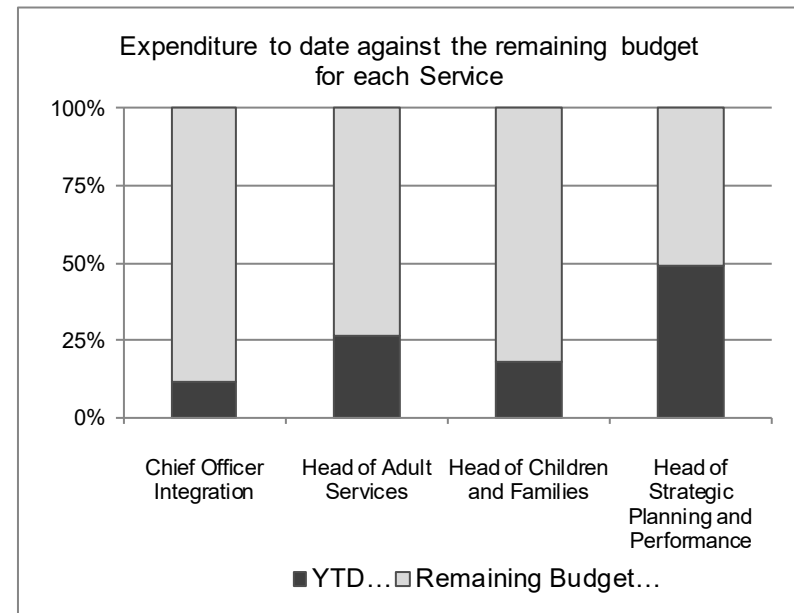
The department is currently forecasting spend in line with budget.

The department has a year to date underspend of £2.818m (16.2%). This is mainly due to a large number of budget profile adjustments across Social Work that will be refined through July 2022 once the new financial ledger system is fully functional.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	1,982	1,982	0	0	0
Head of Adult Services	55,089	55,089	0	0	0
Head of Children and Families	15,387	15,387	0	0	0
Head of Strategic Planning and Performance	453	453	0	0	0
Totals	72,911	72,911	0	0	0

Year to Date Position



Key Financial Successes:

Delivered an underspend at the end of 2021/22 after automatic earmarkings and full repayment of £2.759m of debt owed to the Council for prior year deficits. This should allow for future investment and transformation across Social Work with prior year deficits now fully repaid.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the outstanding savings total for 2022/23 of £966k (as at June 2022).	Maintain a close working relationship with the HSCP Service Improvement Team in order to quickly and efficiently identify and assess options for delivering the outstanding savings.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource in the medium to long term.	Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.
Support the HSCP through recovery from the COVID-19 pandemic. There have been additional costs and pressures across the HSCP as a direct result of the partnership's response to COVID-19. These costs are captured and reported to the Scottish Government via Mobilisation Plans.	Support from finance to assist the service in capturing details of all additional costs associated with the response to COVID-19 to ensure these are included in Scottish Government funding returns.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	Integration Headquarters	53	98	45	45.9%	446	446	0	0.0%	The YTD variance is as a result of budget profiling for payments to other bodies and audit fees. This needs to be adjusted in line with planned expenditure.
Chief Officer Integration	Social Work Central Support	(208)	682	890	130.5%	1,536	1,536	0	0.0%	The YTD variance is as a result of budget profiling for payments to other bodies. This needs to be adjusted in line with planned expenditure.
		(155)	780	935	2	1,982	1,982	0	0	
Head of Strategic Planning & Performance	Management & Central Costs	206	88	(118)	(134.1%)	421	421	0	0.0%	The YTD variance is as a result of an invoice being miscoded. This will be adjusted in July.
Head of Strategic Planning & Performance	Service Development	12	5	(7)	(140.0%)	32	32	0	0.0%	The YTD variance is as a result of budget profiling for income receipt. This needs to be adjusted in line with anticipated receipt.
		218	93	(125)	(3)	453	453	0	0	
Head of Adult Care - Older Adults & Community Hospitals	Management & Central Costs	133	103	(30)	(29.1%)	257	257	0	0.0%	The YTD variance is as a result of budget profiling for income receipt. This needs to be adjusted in line with anticipated receipt.

Head of Adult Care - Older Adults & Community Hospitals	Older People	6,904	8,708	1,804	20.7%	37,163	37,163	0	0.0%	The YTD variance is as a result of budget profiling for payments to third parties, which includes additional funding received from Scottish Government this financial year. This needs to be profiled in line with planned expenditure.
		7,037	8,811	1,774	20.1%	37,420	37,420	0	0.0%	
Head of Adult Care - LD, Mh & Life Long Conditions	Learning Disabilities	3,275	3,072	(203)	(6.6%)	12,302	12,302	0	0.0%	The YTD variance is as a result of budget profiling for payments to third parties and income. This needs to be adjusted in line with planned expenditure and anticipated income receipt.
Head of Adult Care - LD, Mh & Life Long Conditions	Management & Central Costs	23	29	6	20.7%	128	128	0	0.0%	The YTD variance is as a result of underspends on staffing costs (not yet taken towards vacancy savings target) combined with small underspends across supplies and services as a result of budget profiling. This needs adjusted in line with planned expenditure.
Head of Adult Care - LD, Mh & Life Long Conditions	Mental Health	573	562	(11)	(2.0%)	2,499	2,499	0	0.0%	The YTD variance is as a result of budget profiling for payments to third parties and income. This needs to be adjusted in line with planned expenditure and anticipated income receipt.
Head of Adult Care - LD, Mh & Life Long Conditions	Physical Disability	854	676	(178)	(26.3%)	2,740	2,740	0	0.0%	The YTD variance is as a result of budget profiling for income receipt. This needs to be adjusted in line with anticipated receipt.
		4,725	4,339	(386)	(0)	17,669	17,669	0	0	

Head of Children & Families	Child Protection	561	728	167	22.9%	3,401	3,401	0	0.0%	The YTD variance is as a result of budget profiling for payments to other bodies. This needs to be adjusted in line with planned expenditure. This is combined with underspends as a result of staffing vacancies which have not yet been transferred to vacancy savings.
Head of Children & Families	Children with a Disability	142	221	79	35.8%	911	911	0	0.0%	The YTD variance is as a result of budget profiling for payments to other bodies. This needs to be adjusted in line with planned expenditure.
Head of Children & Families	Criminal Justice	48	(28)	(76)	271.4%	85	85	0	0.0%	The YTD variance is as a result of budget profiling for income receipt. Scottish Government grant income has been received slower than anticipated.
Head of Children & Families	Looked After Children	1,490	1,802	312	17.3%	7,713	7,713	0	0.0%	The YTD variance is as a result of budget profiling for payments to other bodies. This needs to be adjusted in line with planned expenditure.
Head of Children & Families	Management & Central Costs	563	701	138	19.7%	3,277	3,277	0	0.0%	The YTD variance is as a result of budget profiling for payments to third parties and rental costs. This needs to be adjusted in line with planned expenditure. This is combined with underspends as a result of staffing vacancies which have not yet been transferred to vacancy savings.
		2,804	3,424	620	18.1%	15,387	15,387	0	0.0%	
GRAND TOTAL		14,629	17,447	2,818	16.2%	72,911	72,911	0	0.0%	

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	6,258	6,553	295	4.5%	30,295	30,295	0	0.0%	The YTD underspend is mainly due to LD Resource/Day Centres (as posts have been kept vacant to declare linked budget saving) combined with Children & Families Area Teams and Adult Services Assessment & Care Management Teams. These underspends will be used to declare budget savings or be taken towards the vacancy savings target in the forthcoming months. This is partially offset by YTD overspends in Homecare due to the use of agency staff.
Premises	208	286	78	27.3%	1,149	1,149	0	0.0%	The YTD underspend is due to profiling. This needs to be adjusted in line with planned expenditure.
Supplies & Services	457	440	(17)	(3.9%)	803	803	0	0.0%	The YTD underspend is due to profiling. This needs to be adjusted in line with planned expenditure.
Transport	122	159	37	23.3%	628	628	0	0.0%	The YTD underspend is due to profiling combined with on-going reduction in travel costs as a consequence of Covid-19.
Third Party	9,934	15,387	5,453	35.4%	61,548	61,548	0	0.0%	The YTD underspend is due to profiling. This needs to be adjusted in line with planned expenditure.
Income	(2,350)	(5,378)	(3,028)	56.3%	(21,512)	(21,512)	0	0.0%	The YTD underspend is due to profiling. This needs to be adjusted in line with anticipated income receipt.
Totals	14,629	17,447	2,818	16.2%	72,911	72,911	0	0.0%	

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

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

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2022

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

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

MONITORING OF SAVINGS – AS AT 30 JUNE 2022

New policy savings were identified for the three year period 2022-23 to 2024-25 and these were agreed by Council in February 2022. Council agreed to policy savings of £0.280m in 2022-23 rising to £0.286m by 2024-25.

The position of historical policy saving options is as follows:

- 2021/22 – those not delivered or that have further increase in value in 2022-23 onwards total £0.732m
- 2020/21 – those not delivered total £0.050m
- 2019/20 – all delivered
- 2018/19 - those not delivered total £0.498m

The 2022-23 savings have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.

There are four savings categorised as having a potential shortfall and one currently delayed as summarised below:

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB07 – Depots	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Create one main depot in key areas to reduce costs – it has become apparent that the operating costs of the single redeveloped site in each town will increase, reducing the anticipated saving. COVID-19 has also had a detrimental effect on this savings option as construction works were halted at the site in Oban. The Oban site has now all but completed and a saving will be realised against the operating budget of the vacated depot site, which will partially cover some of the required saving.	£107,500
TB13b Roads and Amenity Services charging (non-statutory services)	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The original proposal was to introduce charges for providing lighting design and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences. Whilst some additional income has been generated through third party works, there have been limited opportunities over the last 2 years and opportunities are expected to be limited over the foreseeable future.	£100,000

TB12b Stadiums	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Due to COVID, discussions have stalled with partners in the Oban and Lorn area with regard to Mossfield stadium, to create a sports Hub, attract external funding to improve facilities and therefore attract additional events to the arena. Once restrictions are eased, the users group will reconvene and report to the steering group.	£20,000
DEG05 – Building Standards	Feb-20	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Delay in achieving target due to the impact of COVID-19 on the building industry and the number of warrants being granted. This is now exacerbated by the building market which has slowed due to the increase in cost and availability of some materials.	£50,000
TB09 – Public Conveniences	Feb-18	Delayed - The full saving will not be achieved in line with the original estimated timescale.	Installation of door entry systems have seen delays due to COVID and a lack of available suppliers operating at the time. Tender returns have been received significantly over the available budget and work is underway to profile different options to take this scheme forward in whole or in part.	£24,000

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

Template Ref	Saving Agreed	Service	Savings Option	2022-23	2022-23	Status of Implementation
				£000	FTE	
Chief Executive's Unit						
FS02	Feb-22	Financial Services	Reduction of vacant 0.4FTE Local Tax Assistant role	10.0	0.40	Delivered
Executive Director Douglas Hendry						
PROP01	Feb-21	Commercial Services	Rationalisation of the Council's property estate over a three year programme to identify properties which can either be disposed of or used to generate commercial income	294.20	4.0	Still to be Implemented
TB17	Feb-18	Commercial Services	Identify opportunities for office rationalisation and raising income	121.50	0.0	On Track to be Delivered
CS01	Feb-22	Commercial Services	Climate Change & Resource Efficiency	63.0	0.00	On Track to be Delivered
CS03	Feb-22	Commercial Services	Stretch Targets for One Council Income & Events	20.0	0.00	On Track to be Delivered
ED5	Feb-21	Education	Review and reduce Clerical Support Entitlement using updated school rolls.	121.00	5.7	Delivered
ED01	Feb-22	Education	Removal of Community Learning Development Manager Post	66.5	1.00	Delivered
Executive Director Kirsty Flanagan						
CSS03	Feb-22	Customer Support Services	Restructure of CSP/Registration Team at Helensburgh Civic Centre	19.0	0.50	On Track to be Delivered
DEG01	Feb-22	Development and Economic Growth	Crown Estate Administration Contribution to Project Delivery	101.0	0.00	On Track to be Delivered
DEG05(a)	Feb-20	Development and Economic Growth	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work. Regular service users have been informed of this change.	50.00	0.0	Potential Shortfall
DEG02	Feb-21	Development and Economic Growth	Reduction to overtime budget in the provision of fire cover at the airports for weather delayed flights. Arrangements are in place that staff no longer remain at the airport and there is a cut-off period.	22.00	0.0	On Track to be Delivered
DEG07	Feb-21	Development and Economic Growth	Additional income through fees and charges for s64 Non-Material Amendment Submissions, non e-planning application submissions and property history searches	20.00	0.0	Delivered
DEG10	Feb-21	Development and Economic Growth	Maximise income through additional private water supplies income from risk assessments of supplies and introducing a new charge for the provision of shellfish movement documents	17.50	0.0	Delivered
TB07	Feb-18	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	172.50	0.0	Potential Shortfall
TB13b	Feb-18	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	150.00	0.00	Potential Shortfall
R&I17	Feb-21	Roads and Infrastructure Services	Public transport fare scale increase	76.00	0.0	On Track to be Delivered
R&I03	Feb-21	Roads and Infrastructure Services	Administrative support - rationalise across service	50.00	2.0	On Track to be Delivered
R&I05	Feb-21	Roads and Infrastructure Services	Design service fees - bringing in line with industry standards and reduce cost of consultancy. Two posts created as a	50.00	-2.0	On Track to be Delivered
R&I09	Feb-21	Roads and Infrastructure Services	Road inspections find and fix - reduce reactive work by proactivity. Moving to AI technology as technology develops	40.00	1.0	On Track to be Delivered
TB12b	Feb-18	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	30.00	0.0	Potential Shortfall
R&I04	Feb-21	Roads and Infrastructure Services	Fees and charges - commercial waste, TTROs, permits/licenses. Access to debt recovery systems will assist. One post	25.00	-1.0	On Track to be Delivered
TB09	Feb-18	Roads and Infrastructure Services	Public Conveniences - Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	24.00	0.0	Delayed
R&I16	Feb-21	Roads and Infrastructure Services	Introduce new fees for electric vehicle charging	16.00	0.0	On Track to be Delivered
R&I15	Feb-21	Roads and Infrastructure Services	Emergency services support and fuel provision from our fuel supplies	0.50	0.0	Still to be Implemented
TOTAL				1,559.7	11.6	

FINANCIAL RISKS ANALYSIS 2022-23

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 6 Council wide revenue risks identified for 2022-23 currently amounting to £3.537m.
- 1.4 There are currently 42 departmental risks totalling £5.795m. Of the 42 departmental risks, one is categorised as almost certain and 5 are categorised as likely.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2022-23

2. INTRODUCTION

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2022-23.

3 DETAIL**3.1 Introduction**

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

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

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

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

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

3.2 Council Wide Risks**Revenue**

- 3.2.1 The 2022-23 budget has a 2% pay award assumption across all categories of worker and all grades. Negotiations on the 2022-23 award are in progress and due to the high level of inflation, it is becoming increasingly likely that the Trade

Unions will be negotiating a deal at more than 2%. However the affordability for Local Government has to be considered and based on future estimates, anymore more than a 2% pay award is deemed to be unaffordable hence why the budget outlook has been based on 2%. This is a situation that will be kept under close review as the pay negotiations advance during the year and the assumption will be adjusted as required. For each 1% extra in excess of the 2% built in, there would be an additional cost of around £1.5m. The financial risk is recognised at £1.5m at this stage.

- 3.2.2 Utility costs remain a volatile area and it is difficult to accurately predict how the prices could vary. The outturn in respect of utilities for 2021-22 was an underspend of £0.310m which was partly due to fixed price contracts that had been secured which have now expired. With the volatility of utilities pricing it is very difficult to predict the impact going forward but a financial risk based on a 20% variation in utility costs amounts to £0.706m.
- 3.2.3 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.553m.
- 3.2.4 At the budget meeting on 24 February 2022, the Council agreed 6 new policy savings options that would deliver savings over the period 2022-23 to 2024-25. The savings to be delivered in 2022-23 amount to £0.280m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.028m.
- 3.2.5 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared and submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and the HSCP has insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. As at 30 June 2022, the net HSCP outturn in 2022-23 is estimated to be a £0.346m overspend (£0m from Social Work and £0.346m from Health).
- 3.2.6 There is an ongoing requirement to fund unavoidable inflationary cost increases in areas like fuel, food etc. This has been predominantly caused by the lack of availability of supply of labour and materials as a result of the COVID-19 pandemic, the UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities. The Bank of England are currently forecasting that inflation will continue to rise until around Quarter 1 of 2023 where after they forecast that it will start to fall. We will continue to closely monitor the situation and update our financial forecasts using the best information available to us.

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

Description	Likelihood	Assessed Financial Impact £000
Pay award exceeding 2%	3	1,500
Energy costs increase by 20% greater than anticipated	3	706
1% variation in Council Tax Income	2	553
10% shortfall on Savings Options	2	28
IJB refer to Council for additional funding to deliver social work services	3	0
1% variation of General Inflation Risk	4	750
Total		3,537

Capital

- 3.2.8 The finance settlement announcement on 20 December 2021 provided details of the Local Government funding for 2022-23 and there is therefore certainty as to what our funding is in respect of General Capital Grant and the specific capital grants already distributed.
- 3.2.9 The capital plan for 2022-23 includes an estimate of £1.387m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2022. A 10% variation equates to £0.139m and this would require to be managed across the capital programme.
- 3.2.10 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty are being experienced as well as disruptions to the supply chain and longer lead times, particularly in relation to the construction sector and material availability. This can be attributed to a number of factors such as the COVID-19 pandemic, UK exit from the European Union, invasion of Ukraine and sanctions on Russian owned entities to name a few.
- 3.2.11 The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.
- 3.2.12 While it has been possible to estimate the impact of these pressures on some projects, and therefore include those projections within the capital monitoring report, for others it has been more difficult and an overspend has not been forecast at this stage but there are likely to be further significant financial impacts not yet reported within the following projects:
- Rothesay Pavilion
 - Harbour Investment Programme
 - Helensburgh Waterfront Development
 - Universal Free School Meals

- 3.2.13 For those liabilities/risks to the capital programme that were known at the start of 2022-23 it was agreed at the budget meeting in February 2022 to use amounts from the Unallocated General Fund, the 2021-22 Revenue Surplus, COVID-19 specific funding and additional borrowing to mitigate these risks.

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	1	125	0	0	2	115	0	0	1	500	4	740
Executive Director Douglas Hendry	2	20	10	765	8	780	2	250	0	0	22	1,815
Executive Director Kirsty Flanagan	2	110	3	240	8	1,735	3	1,155	0	0	16	3,240
Total	5	255	13	1,005	18	2,630	5	1,405	1	500	42	5,795

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence	3	750
Roads and Infrastructure Services	Residual Waste H&L and Tiree	There is a potential increase to tipping fees and haulage costs for H&L residual waste. The Council's supplier Barr Environmental (contract to end of 2023) lost a tribunal relating to the underpayment of landfill tax, which may have led to the Council having to source alternatives at a higher cost. Barr appealed the decision which was heard in the Spring and they won the case which should have reduced or eliminated this financial risk. However, the Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in	4	655

		the cost which officers are currently assessing		
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	5	500

3.3.3 The other risks classified as likely are:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	4	400
Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	4	150
Commercial Services	Catering Purchases	Increased supplier charges. This estimate does not include the additional risk to food costs and uptake from the changes to food and drink standards in schools.	4	100
Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	4	100

3.4 Changes to Financial Risks since Budget Pack

3.4.1 There have been four changes to the departmental risks since the financial risks report as presented to the Policy and Resources Committee on 24 February 2022, as follows:

- The risk in relation to Council Tax Debt Collection recovery has been upgraded from Possible to Almost Certain and the value amended from £0.100m to £0.500m due to poor collection rates at Week 11 2022-23 compared to the same stage last year.

- A new risk has been recognised for Road Materials- Bitumen due to the price of crude oil rising. A Likely risk of £0.400m has been recognised.
- The risk in relation to Winter Maintenance has increased in value from £0.200m to £0.365m in recognition that the price of salt has increased.
- The risk in relation to Environmental Health export certificates has increased from Remote to Unlikely and the value amended from £0.030m to £0.130m to reflect the actual value of outstanding debt and likelihood that this might not be recovered.

3.5 Monitoring of Financial Risks

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

4 CONCLUSION

- 4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and 42 departmental risks identified; one is categorised as almost certain and 5 are categorised as likely. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
8 July 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Detail of Department/Service financial risks

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2022 (Budget Setting)		As at 30 June 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Chief Executive's Unit	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	5	500
Chief Executive's Unit	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	1	125	1	125
Chief Executive's Unit	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Chief Executive's Unit	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30
Executive Director Douglas Hendry	Commercial Services	Property - Central Repairs	Increased demands on central repairs as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	300	3	300
Executive Director Douglas Hendry	Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	There is a need to work with Education colleagues to ensure the maximum uptake of school meals in secondary schools is achieved. This is very challenging given the reduction in secondary school meal uptake due to COVID.	4	150	4	150
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications. Costs likely to be contained within overall early years funding allocation.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges. This estimate does not include the additional risk to food cost and uptake from the changes to food and drink standards in schools.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	4	100	4	100
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools	The Scottish Government may not give the local authority adequate funds to support the policy	Catering Manager sits on National Operational Delivery Group	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	One Council property team now in place.	3	50	3	50

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2022 (Budget Setting)		As at 30 June 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	25	2	25
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Executive Director Douglas Hendry	Education	Central Repairs	Increased demands on budget as a result of increase in statutory and emergency repairs and increases in supplier/contractor charges.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	2	100	2	100
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement. The effect of COVID-19 has further increased demand on this service.	Scottish Government has given additional funding for "additional support needs priority for learning" and this has been built into the budget, this will help reduce the demand risk	3	100	3	100
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has been required to deliver 1140 hours of Early Learning and Childcare since August 2021. The Scottish Government has committed to funding this and the Council has altered the implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	Continuous monitoring and review of the implementation plan, usage and resources.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils to carry out assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. May lead to additional staffing requirements.	Monitoring developments of the implementation of the Act and statutory guidance produced and adhered too.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate to conclude final capital contract payments due.	Monitoring claims and mitigation through robust challenge of any additional claims.	2	150	2	150
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	100	2	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2022 (Budget Setting)		As at 30 June 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of Covid-19 and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	2	75	2	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services - Litigation	Increased number of litigation cases.	Ensure Legal Services are gateway to access all legal advice and that advice is sought at earliest opportunity.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO/Hub DBFM contract management efficiencies	Reduction in ability to generate contract management efficiencies.	Monitoring annual efficiencies generated and mitigation through robust contract management and application of contract specifications/requirements.	2	50	2	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	2	45	2	45
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends and reporting the financial impact in the budget monitoring.	3	30	3	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals increasing costs through increases in the running costs.	Maximise the use of council facilities/resources for panel session in the first instance.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being underlicensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of UK withdrawal from EU, changes to international trading agreements or business economy. Reduction in demand creates a budget pressure on environmental health budget.	Monitor income and resources required for export health certificates/attestations required to support the export market. Continue with food safety regulation activities associated and support at 3rd country audits. Pursue debt rigorously with key customers through seeking regular payments.	1	30	2	130
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fees reduced by Scottish Government	Scottish Government reducing planning fees due to poor performance by the Planning Authority. Details of national Planning Performance Co- ordinator and Fee Reform still awaited.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase planning fees to a sustainable level.	3	100	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2022 (Budget Setting)		As at 30 June 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	3	50	3	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	10	1	10
Executive Director Kirsty Flanagan	Development and Economic Growth	Airfields and Air Services - usage	The PSO for the existing air service to Coll and Colonsay operating from Connel Airport is due in 2022. It is likely that this will create a budget pressure for a new contract to be established to serve the needs of the island communities.	Need to start early in raising awareness of the contract possibility with external contractors. This renewal of the contract has to also be raised with the Scottish Government as there may need to additional Government support to retain this life line service.	2	10	2	10
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence. The recent storm damage to Bute Sea Wall is likely to cost in excess of £1m to repair so the value on this risk has been updated for 22-23 in recognition of the potential costs associated with this risk	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Residual Waste H&L and Tiree	There is a potential increase to tipping fees and haulage costs for H&L residual waste. The Council's supplier Barr Environmental (contract to end of 2023) lost a tribunal relating to the underpayment of landfill tax, which may have led to the Council having to source alternatives at a higher cost. Barr appealed the decision which was heard in the Spring and they won the case which should have reduced or eliminated this financial risk. However, the Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in the cost which officers are currently assessing	Officers currently assessing the potential impact on the Council.	4	655	4	655

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2022 (Budget Setting)		As at 30 June 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	Increased costs are currently being managed but with further increases likely, this is being closely monitored by managers to evaluate the impact.			4	400
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	200	3	365
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	4	100
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
					41	4,730	42	5,795

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2022

1.0 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 30 June 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:

- **Current Year to Date** – actual net expenditure to date is £3,777k compared to a budget for the year to date of £3,765k giving rise to an overspend for the year to date of £12k (0.3%).
- **Forecast Outturn for 2022-23** – forecast net expenditure for the full financial year is £29,319k compared to an annual budget of £48,555k giving rise to a forecast underspend for the year of £19,236k (39.6%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £177,521k compared to a total budget for all projects of £177,387k giving rise to a forecast overspend for the overall capital plan of £134k (0.08%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 91 projects there are 85 projects (93%) on track, 6 projects (7%) off track but recoverable and 0 projects off track (0%).
- **Service Development** - Out of 41 projects there are 36 projects (88%) on track, 5 projects (12%) off track but recoverable and 0 projects (0%) off track.
- **Strategic Change** – Out of 27 projects there are 24 projects (89%) on track, 3 projects (11%) off track but recoverable and 0 projects (0%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding allocated since the last report has come from SPT, Crown Estate, Scottish Government, income from Lismore Ferry sale and HITRANS.

1.5 The Council is projecting £1,387k of capital receipts this financial year. At this early stage in the year no receipts have been received but this will be closely monitored throughout the year and any issues highlighted.

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2022

2.0 INTRODUCTION

- 2.1 This report provides an update on the position of the capital budget as at 30 June 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.
- 2.3 A £1m cost pressure was identified during 2021-22 in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this. 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.
- 2.5 The impact of the pandemic along with the UK exit from the European Union, invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.

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

- Rothesay Pavilion – 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 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 (delay not mentioned as part of 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 in Appendix 7 and approve the proposed changes to the capital plan detailed in Appendix 4.

4.0 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £3,777k compared to a budget for the year to date of £3,765k giving rise to an overspend for the year to date of £12k (0.3%).

4.2 Project/Department Position

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

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	969	1,016	(47)
Service Development	619	584	35
Strategic Change	2,177	2,177	0
Total	3,765	3,777	(12)
Service:			
ICT	545	545	0
Education	1,093	1,055	38
Live Argyll	21	68	(47)
Health & Social Care Partnership	0	0	0
Shared Offices	11	11	0
Roads & Infrastructure	139	141	(2)
Development & Economic Growth	258	259	(1)
CHORD	1,698	1,698	0
Total	3,765	3,777	(12)

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

5.0 FORECAST OUTTURN 2022-23

5.1 Overall Position

Forecast net expenditure for the full financial year is 29,319k compared to an annual budget of £48,555k giving rise to a forecast overspend for the year of £19,236k (39.6%). This is largely due to £19,370k of re-profiling budgets at the start of the financial year and does not reflect genuine underspends within the programme.

5.2 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	26,627	26,685	0	(58)	(58)
Service Development	4,500	4,560	0	(60)	(60)
Strategic Change	17,428	(1,926)	0	19,354	19,354
Total	48,555	29,319	0	19,236	19,236
Service:					
ICT	1,518	1,518	0	0	0
Education	6,097	6,109	0	(12)	(12)
Live Argyll	1,235	1,304	0	(69)	(69)
Health & Social Care Partnership	2,107	2,109	0	(2)	(2)
Shared Offices	4,197	4,213	0	(16)	(16)
Roads & Infrastructure	26,712	7,376	0	19,336	19,336
Development & Economic Growth	2,770	2,771	0	(1)	(1)
CHORD	3,919	3,919	0	0	0
Total	48,555	29,319	0	19,236	19,236

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

6.0 TOTAL PROJECT COSTS

6.1 Overall Position

Forecast total net project costs on the total capital plan are £177,521k compared to a total budget for all projects of £177,387k giving rise to a forecast overspend for the overall capital plan of £134k (0.08%).

6.2 Project/Department Position

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

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance COVID-19 Related £'000	Capital Plan Variance Non COVID-19 Related £'000	Total Capital Plan Variance £'000
Asset Sustainability	50,444	50,502	0	(58)	(58)
Service Development	18,838	18,898	0	(60)	(60)
Strategic Change	108,105	108,121	0	(16)	(16)
Total	177,387	177,521	0	(134)	(134)
Service:					
ICT	5,007	5,007	0	0	0
Education	41,833	41,845	0	(12)	(12)
Live Argyll	3,368	3,437	0	(69)	(69)
Health & Social Care Partnership	4,222	4,224	0	(2)	(2)
Shared Offices	21,507	21,523	0	(16)	(16)
Roads & Infrastructure	52,878	52,912	0	(34)	(34)
Development & Economic Growth	4,734	4,735	0	(1)	(1)
CHORD	43,838	43,838	0	0	0
Total	177,387	177,521	0	(134)	(134)

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

7.0 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 159 projects within the Capital Plan, 145 are Complete or On Target, 14 are Off Target and Recoverable and none are Off Track.

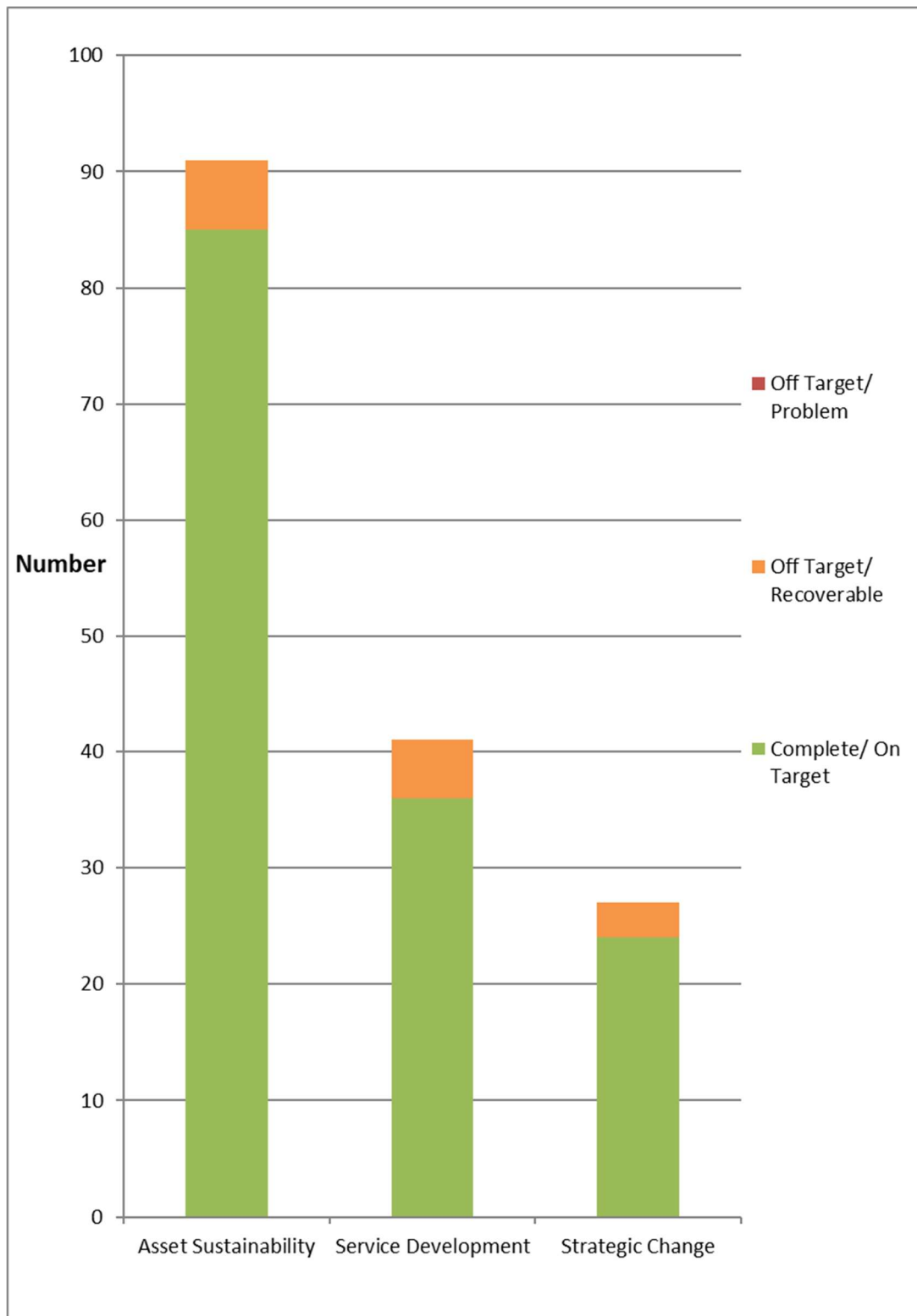
7.2 Project Position

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

Project Type:	Complete / On Target	Off Target/ Recoverable		Off Target/ Problem		Total
		COVID -19 Related	Non-COVID -19 Related	COVID -19 Related	Non-COVID -19 Related	
Asset Sustainability	85	0	6	0	0	91
Service Development	36	0	5	0	0	41
Strategic Change	24	0	3	0	0	27
Total	145	0	14	0	0	159
Service:						
ICT	7	0	0	0	0	7
Education	29	0	1	0	0	30
Live Argyll	22	0	6	0	0	28
Health & Social Care Partnership	16	0	1	0	0	17
Shared Offices	21	0	0	0	0	21
Roads & Infrastructure	30	0	5	0	0	35
Development & Economic Growth	16	0	0	0	0	16
CHORD	4	0	1	0	0	5
Total	145	0	14	0	0	159

7.3 Chart of Performance Status

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



8.0 OFF TRACK PROJECTS

8.1 There are no Off Track projects currently being reported.

9.0 STRATEGIC CHANGE PROJECTS

9.1 Appendix 6 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives 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.

10.0 CHANGES TO CAPITAL PLAN

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

The updated capital plan incorporating these proposed changes can be found in Appendix 8.

Department	Prev. Agreed Changes 2022-23 £'000	22-23 £'000 COVID-19 Related	22-23 £'000 Non COVID-19 Related	23-24 £'000	24-25 £'000	Future Years £'000	Total £'000
Asset Sustainability	0	0	0	0	0	0	0
Service Development	0	0	0	0	0	0	0
Strategic Change	0	0	(19,370)	6,140	4,731	15,389	6,890
Total	0	0	(19,370)	6,140	4,731	15,389	6,890
Service:							
ICT	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0	0
Health & Social Care Partnership	0	0	0	0	0	0	0
Shared Offices	0	0	0	0	0	0	0
Roads & Infrastructure	0	0	(19,370)	6,140	4,731	15,389	6,890
Development & Economic Growth	0	0	0	0	0	0	0
Major Projects	0	0	0	0	0	0	0
Total	0	0	(19,370)	6,140	4,731	15,389	6,890

11.0 FUNDING

- 11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding allocated since the last report has come from SPT, Crown Estate, Scottish Government, income from Lismore Ferry sale and HITRANS.
- 11.2 The Council is projecting £1,387k of capital receipts this financial year. At this early stage in the year no receipts have been received but this will be closely monitored throughout the year and any issues highlighted.

12.0 IMPLICATIONS

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

Kirsty Flanagan
Executive Director / Section 95 Officer
8 July 2022

Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

For further information contact: Anne Blue, Head of Financial Services

APPENDICES

- **Appendix 1** – Year To Date finance variance explanations
- **Appendix 2** – Forecast Outturn variance explanations
- **Appendix 3** – Total Project finance variance explanations
- **Appendix 4** – Changes to Capital Plan and Financial Impact
- **Appendix 5** – Capital Funding
- **Appendix 6** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 7** - Financial Summary – Overall
 - Financial Summary – Executive Director Kirsty Flanagan
 - Financial Summary – Executive Director Douglas Hendry
- **Appendix 8** - Updated/Revised Capital Plan

APPENDIX 1 – Year to Date Financial Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
				No variances +/-£50k for this report.
Other variances under £50k			(12)	Total value of non-material variances less than +/-£50k
Total			(12)	

APPENDIX 2 – Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID- 19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Campbeltown Flood Scheme	10,354	9,098	0	1,256	1,256	Slippage in line with contractor cashflow
Harbour Investment Programme	33,664	15,550	0	18,114	18,114	Slippage in line with Asset Management Plan
Other variances under £50k			0	(134)	(134)	Total value of non-material variances less than +/- £50k.
Total			0	19,236	19,236	

APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
						No variances +/-£50k for this report.
Other variances under £50k				(134)	(134)	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				(134)	(134)	

APPENDIX 4 – Changes to Capital Plan and Financial Impact

OVERALL COST CHANGES

Project	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
						No overall cost changes this reporting period.	
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS

Project	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	2022-23 Slippage Related to COVID- 19 £'000	2022-23 Slippage Related to Non COVID-19 £'000	Total 2022-23 £'000	Recommendation	Explanation
Campbeltown Flood Scheme	(1,256)	(75)	1,331	0	0	(1,256)	(1,256)	Slip budget into future years.	Budget profile in line with anticipated spend.
Harbour Investment Programme	(18,114)	6,215	3,400	15,389	0	(18,114)	(18,114)	Slip budget into future years	Budget profile in line with anticipated spend based on Asset Management Plan.
Total Slippages and Accelerations	(19,370)	6,140	4,731	15,389	0	(19,370)	(19,370)		
Net Impact of Changes	(19,370)	6,140	4,731	15,389	0	(19,370)	(19,370)		

CAPITAL PROGRAMME FUNDING

	2022-23					2023-24					2024-25				
	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	9,569	0	0	0	9,569	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	1,387	0	0	0	1,387	1,095	0	0	0	1,095	0	0	0	0	0
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	4,656	2,722	0	268	7,646	0	5,728	0	0	5,728	0	0	0	0	0
Restricted Funding	1,486	609	0	756	2,851	1,150	0	0	0	1,150	0	0	0	0	0
Funded by Reserves	3,145	4,388	-1,256	7	6,284	36	172	-75	0	133	0	0	1,331	0	1,331
Additional Funding from Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	31,180	2,484	-18,114	0	15,550	16,900	0	6,125	0	23,025	31,600	0	-3,400	0	28,200
Prudential Borrowing	15,528	3,352	100	0	18,980	5,006	-1,429	-100	0	3,477	27	0	0	0	27
Loans Fund Review	0	4,025	0	0	4,025	0	0	0	0	0	0	0	0	0	0
COVID Funding	1,640	2,167	0	0	3,807	0	0	0	0	0	0	0	0	0	0
	67,713	19,747	-19,270	1,031	69,221	32,878	4,471	5,950	0	43,299	40,318	0	-2,069	0	38,249

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2022-23	2023-24	Source	Reported
C'town Museum LA income	40		Live Argyll	Jun-22
H&L/Rosneath Cycleways	140		SPT	Jun-22
Nature Restoration Fund	238		Scottish Government	Jun-22
Rothesay Pontoons	315		Grant Funding	Jun-22
Ardrishaig North	280		Grant Funding	Jun-22
Lismore Ferry	7		External Income	Jun-22
Lochgilphead PS Demolition	11		Reserves	Jun-22
Total	1,031	0		

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
CHORD Oban	7,129	651	7,905	7,905	27/10/2016	31/03/2022	Amber	Issues with contract close out impacting on timescales.
Harbour Investment Programme	1,802	15,550	91,292	91,292	01/04/2017	31/03/2028	Amber	Project expenditure profile updated to reflect Asset Management Plan.
Campbeltown Flood Scheme	181	9,098	15,215	15,215	01/08/2016	31/03/2023	Amber	Work expected to start over summer months.
Dunoon Primary	7,170	304	10,869	10,869	18/12/2014	30/04/2020	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Kirn Primary School	9,878	99	10,119	10,119	24/04/2014	31/10/2017	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,496	136	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Street Lighting LED Replacement	2,700	791	3,900	3,900	01/08/2016	30/03/2022	Green	Tender for final package of works still to be awarded - budget to be reprofiled.
Helensburgh Office Rationalisation	11,500	310	11,838	11,838	25/04/2013	31/03/2022	Green	Project subject to legal dispute.
CHORD Dunoon	12,238	55	12,522	12,522	03/02/2012	09/03/2018	Green	Main contract complete and retentions paid. Landscaping and remediation works ongoing but issues with water ingress may require works in 22-23.
Helensburgh Waterfront Development	1,387	2,895	22,557	22,557	01/04/2017	31/03/2024	Green	Additional funding awarded resulting in increased budget. Budget to be reprofiled.
Kilmory Business Park Phase 2AA	0	141	150	150	01/02/2022	01/09/2023	Green	Development Agreement still to be concluded.
Carbon Management Business Cases	201	60	261	261	01/02/2014	31/03/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management - Group Heating Conversion Project	1,938	10	1,948	1,948	01/02/2016	31/03/2022	Green	Complete.
Carbon Management - Non Education	14	21	50	50	01/04/2015	31/03/2022	Green	Projects being determined.
NPDO Schools Solar PV Panel Installations	761	183	944	944	26/06/2014	31/03/2022	Green	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	88	488	488	20/03/2014	31/03/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	20	39	39	01/02/2016	31/03/2022	Green	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	5	187	187	01/02/2012	31/03/2022	Green	Budget to be reprofiled pending development of new projects.
TIF - Halfway House Roundabout	0	597	640	640	tbc	tbc	Green	Scope of project still to be determined - budget to be reprofiled.
Dunoon Pier OBC	2,844	0	2,844	2,844	03/02/2012	26/02/2016	Green	Project complete.
Campbeltown Office Rationalisation	595	1	596	596	01/02/2015	31/03/2019	Green	Complete.
TIF - Oban Airport Business Park	447	101	590	590	22/01/2015	31/03/2022	Green	
Campbeltown Schools Redevelopment	1,649	76	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	28	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	1	2,170	2,170	22/01/2015	31/03/2021	Green	Complete.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Complete.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Complete.
Strategic Change Total	75,250	31,221	210,338	210,338				

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.

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Executive Director Douglas Hendry	415	462	(47)	10,030	10,088	(58)	19,032	19,090	(58)
Executive Director Kirsty Flanagan	554	554	0	18,029	18,029	0	32,844	32,844	0
Asset Sustainability Total	969	1,016	(47)	28,059	28,117	(58)	51,876	51,934	(58)
Service Development Projects									
Executive Director Douglas Hendry	254	254	0	1,242	1,267	(25)	15,144	15,169	(25)
Executive Director Kirsty Flanagan	415	437	(22)	7,304	7,339	(35)	32,600	32,635	(35)
Service Development Total	669	691	(22)	8,546	8,606	(60)	47,744	47,804	(60)
Strategic Change Projects									
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0
Replacement of Oban High	96	96	0	136	136	0	3,250	3,250	0
Kirn Primary School	65	65	0	99	99	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	10	10	0	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	310	310	0	11,838	11,838	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0
Campbeltown Flood Scheme	23	23	0	10,354	9,098	1,256	15,215	15,215	0
Street Lighting LED Replacement	0	0	0	791	791	0	3,900	3,900	0
Harbour Investment Programme	138	138	0	33,664	15,550	18,114	91,292	91,292	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	597	597	0	640	640	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	2	2	0	55	55	0	12,522	12,522	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0
Helensburgh Waterfront Development	1,696	1,696	0	2,895	2,895	0	22,557	22,557	0
HWD - FFE (Funded by LA)	0	0	0	344	344	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	141	141	0	150	150	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	2,315	2,315	0	51,986	32,632	19,354	211,917	211,933	(16)
Total Expenditure	3,953	4,022	(69)	88,591	69,355	19,236	311,537	311,671	(134)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	0	0	0	0	0	0
Executive Director Kirsty Flanagan	0	0	0	(1,432)	(1,432)	0	(1,432)	(1,432)	0
Asset Sustainability Total	0	0	0	(1,432)	(1,432)	0	(1,432)	(1,432)	0
Service Development Projects									
Executive Director Douglas Hendry	0	(38)	38	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	(61)	(69)	8	(4,046)	(4,046)	0	(21,135)	(21,135)	0
Service Development Total	(61)	(107)	46	(4,046)	(4,046)	0	(28,906)	(28,906)	0
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(138)	(138)	0	(33,664)	(33,664)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	(699)	(699)	0	(2,717)	(2,717)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	(138)	(138)	0	(34,558)	(34,558)	0	(103,812)	(103,812)	0
Total Income	(199)	(245)	46	(40,036)	(40,036)	0	(134,150)	(134,150)	0
Net Total	3,754	3,777	(23)	48,555	29,319	19,236	177,387	177,521	(134)

MONITORING REPORT										Appendix 7
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										30 June 2022
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			(Over)/Under £000s
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	
EXPENDITURE										
Asset Sustainability Projects										
Flood Prevention	2	2	0	474	474	0	1,084	1,084	0	
Coastal Protection	0	0	0	20	20	0	200	200	0	
Coastal Change Adaptation	0	0	0	159	159	0	159	159	0	
Bute Sea Wall Repairs	0	0	0	750	750	0	750	750	0	
Helensburgh Flood Mitigation	0	0	0	432	432	0	432	432	0	
Bridge Strengthening	29	29	0	1,349	1,349	0	2,049	2,049	0	
Local Bridge Maintenance Fund	2	2	0	1,237	1,237	0	5,447	5,447	0	
Roads Reconstruction	0	0	0	8,475	8,475	0	15,336	15,336	0	
Roads Reconstruction - Helensburgh CHORD	0	0	0	47	47	0	47	47	0	
Roads Reconstruction - Oban CHORD	0	0	0	3	3	0	3	3	0	
Helensburgh CHORD - Signage etc	0	0	0	10	10	0	10	10	0	
Lighting	0	0	0	740	740	0	1,040	1,040	0	
Environmental Projects	0	0	0	734	734	0	934	934	0	
Play Park Refurbishment	0	0	0	155	155	0	155	155	0	
Public Convenience Upgrades	0	0	0	82	82	0	82	82	0	
Footway Improvements	0	0	0	269	269	0	269	269	0	
Glengorm - Capping	0	0	0	82	82	0	82	82	0	
Glengorm - Cell and Transfer Station (PB)	18	18	0	560	560	0	560	560	0	
EV Quick Chargers	0	0	0	93	93	0	93	93	0	
Tobermory Car Park	52	52	0	951	951	0	951	951	0	
Active Travel	0	0	0	500	500	0	500	500	0	
Bin Replacement Programme	0	0	0	100	100	0	100	100	0	
Server Sustainability	4	4	0	187	187	0	251	251	0	
PC Replacement	445	445	0	522	522	0	522	522	0	
Telecomms Network	2	2	0	98	98	0	98	98	0	
Block Allocation - ICT	0	0	0	0	0	0	1,690	1,690	0	
Asset Sustainability Total	554	554	0	18,029	18,029	0	32,844	32,844	0	
Service Development Projects										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	
Campbeltown Old Quay	0	0	0	43	43	0	1,424	1,424	0	
Fleet Management - Prudential Borrowing	0	0	0	2,187	2,187	0	4,861	4,861	0	
Fleet Management	0	0	0	0	0	0	2,859	2,859	0	
Lismore Ferry	13	19	(6)	13	19	(6)	666	672	(6)	
Millpark Depot Demolition	0	0	0	0	0	0	126	126	0	
Oban Depot Development Project	0	15	(15)	0	15	(15)	2,100	2,115	(15)	
Lochgilphead Depot Rationalisation	0	0	0	(10)	0	(10)	19	29	(10)	
Jackson's Quarry Refurbishment	0	0	0	(2)	0	(2)	283	285	(2)	
Witchburn Road Demolition	0	0	0	(1)	0	(1)	157	158	(1)	
Safe Streets, Walking and Cycling (CWSS)	0	0	0	544	544	0	2,878	2,878	0	
SPT - bus infrastructure	0	0	0	0	0	0	1,405	1,405	0	
Cycleways - H&L (FSPT)	0	0	0	240	240	0	3,112	3,112	0	
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	51	51	0	53	53	0	
Town Centre Funds	286	287	(1)	1,054	1,055	(1)	3,876	3,877	(1)	
Dunoon Cycle Bothy	7	7	0	266	266	0	279	279	0	
Dunoon STEM Hub	10	10	0	603	603	0	608	608	0	
Ardishaig North Active Travel	0	0	0	880	880	0	880	880	0	
Nature Restoration Fund	0	0	0	346	346	0	346	346	0	
Gibraltar Street Public Realm Improvements	5	5	0	248	248	0	250	250	0	
Hermitage Park	0	0	0	69	69	0	3,314	3,314	0	
Applications Projects	94	94	0	757	757	0	2,883	2,883	0	
Service Development Total	415	437	(22)	7,304	7,339	(35)	32,600	32,635	(35)	
Strategic Change Projects										
Campbeltown Flood Scheme	23	23	0	10,354	9,098	1,256	15,215	15,215	0	
Street Lighting LED Replacement	0	0	0	791	791	0	3,900	3,900	0	
Harbour Investment Programme	138	138	0	33,664	15,550	18,114	91,292	91,292	0	
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0	
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0	
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0	
TIF - Halfway House Roundabout	0	0	0	597	597	0	640	640	0	
Strategic Change Total	161	161	0	45,508	26,138	19,370	114,021	114,021	0	
Total Expenditure	1,130	1,152	(22)	70,841	51,506	19,335	179,465	179,500	(35)	
INCOME										
Asset Sustainability										
EV Quick Chargers	0	0	0	(97)	(97)	0	(97)	(97)	0	
Glengorm Capping/New Cell - Prudential Borrowing	0	0	0	(560)	(560)	0	(560)	(560)	0	
Tobermory Car Park	0	0	0	(775)	(775)	0	(775)	(775)	0	
Asset Sustainability Total	0	0	0	(1,432)	(1,432)	0	(1,432)	(1,432)	0	
Service Development Projects										
Applications Projects	0	0	0	(46)	(46)	0	(437)	(437)	0	
Safe Streets, Walking and Cycling	0	0	0	(550)	(550)	0	(2,483)	(2,483)	0	
SPIT	0	0	0	0	0	0	(1,243)	(1,243)	0	
Cycleways - H&L (FSPT)	0	0	0	(240)	(240)	0	(3,212)	(3,212)	0	
Town Centre Funds	0	0	0	(382)	(382)	0	(1,794)	(1,794)	0	
Dunoon STEM Hub	0	0	0	(100)	(100)	0	(608)	(608)	0	
Ardishaig North Active Travel	(50)	(50)	0	(50)	(50)	0	(50)	(50)	0	
Dunoon Cycle Bothy	0	0	0	(209)	(209)	0	(279)	(279)	0	
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0	
Hermitage Park	0	0	0	0	0	0	(3,245)	(3,245)	0	
Fleet Management - PB	0	0	0	(2,187)	(2,187)	0	(4,861)	(4,861)	0	
Fleet Management	0	(8)	8	0	0	0	0	0	0	
Lochgilphead Depot Rationalisation	0	0	0	(1)	(1)	0	(1)	(1)	0	
Millpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0	
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0	
Oban Depot - Appin Depot Sale	0	0	0	(150)	(150)	0	(150)	(150)	0	
Lismore Ferry	(11)	(11)	0	(131)	(131)	0	(631)	(631)	0	
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0	
Service Development Total	(61)	(69)	8	(4,046)	(4,046)	0	(21,135)	(21,135)	0	
Strategic Change Projects										
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0	
Harbour PB	(138)	(138)	0	(33,664)	(33,664)	0	(91,292)	(91,292)	0	
01 TIF - Lorn/Kirk Road	0	0	0	(699)	(699)	0	(2,717)	(2,717)	0	
Strategic Change Total	(138)	(138)	0	(34,363)	(34,363)	0	(94,279)	(94,279)	0	
Total Income	(199)	(207)	8	(39,841)	(39,841)	0	(116,846)	(116,846)	0	
Net Departmental Total	931	945	(14)	31,000	11,665	19,335	62,619	62,654	(35)	

EXPENDITURE	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Asset Sustainability									
Education	383	383	0	4,281	4,281	0	10,761	10,761	0
Live Argyll	21	68	(47)	1,227	1,283	(56)	2,086	2,142	(56)
Health and Social Care Partnership	0	0	0	2,053	2,055	(2)	2,922	2,924	(2)
Shared Offices	11	11	0	2,469	2,469	0	3,263	3,263	0
Asset Sustainability Total	415	462	(47)	10,030	10,088	(58)	19,032	19,090	(58)
Service Development Projects									
Ardraigh Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0
Clyde Cottage - 600 hour provision	0	0	0	23	23	0	579	579	0
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0
Islay High and Rosneath Primary School Pitches	0	0	0	(12)	0	(12)	707	719	(12)
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0
Early Learning and Childcare - 1140 Hours	254	254	0	1,036	1,036	0	7,751	7,751	0
CO2 Monitoring - Covid Mitigation in Schools	0	0	0	116	116	0	192	192	0
Early Learning and Childcare - 1140 Hours - CFCR	0	0	0	0	0	0	111	111	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0	38	38	0
Riverside Leisure Centre Refurbishment	0	0	0	(13)	0	(13)	1,232	1,245	(13)
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0
Service Development Total	254	254	0	1,242	1,267	(25)	15,144	15,169	(25)
Strategic Change Projects									
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0
Replacement of Oban High	96	96	0	136	136	0	3,250	3,250	0
Kilm Primary School	65	65	0	99	99	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	10	10	0	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	310	310	0	11,838	11,838	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	2	2	0	55	55	0	12,522	12,522	0
Helensburgh Waterfront Development	1,696	1,696	0	2,895	2,895	0	22,557	22,557	0
HWD - FFE (Funded by LA)	0	0	0	344	344	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	141	141	0	150	150	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	2,154	2,154	0	6,478	6,494	(16)	97,896	97,912	(16)
Total Expenditure	2,823	2,870	(47)	17,750	17,849	(99)	132,072	132,171	(99)
INCOME									
Asset Sustainability									
Education	0	0	0	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	0	0	0	0	0	0	0	0	0
Service Development Projects									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0
CO2 Monitoring - Covid Mitigation in Schools	0	(38)	38	0	0	0	0	0	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0
Service Development Total	0	(38)	38	0	0	0	(7,771)	(7,771)	0
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	0	0	0	(195)	(195)	0	(9,533)	(9,533)	0
Total Income	0	(38)	38	(195)	(195)	0	(17,304)	(17,304)	0
Net Departmental Total	2,823	2,832	(9)	17,555	17,654	(99)	114,768	114,867	(99)

CAPITAL PLAN 2022-23
Overall Summary

APPENDIX 8

Service	Previous Years £000's	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
Education	36,575	6,097	4,843	2,226	0	0	49,741
Shared Offices	16,687	4,197	544	428	0	0	21,856
ICT	2,126	1,564	983	771	0	0	5,444
RIS	21,128	44,907	35,682	40,768	17,811	0	160,296
DEG	15,435	5,000	180	0	0	0	20,615
HSCP	1,246	2,107	441	428	0	0	4,222
Live Argyll	1,274	1,235	431	428	0	0	3,368
CHORD	48,486	4,114	285	0	0	0	52,885
Overall Total	142,957	69,221	43,389	45,049	17,811	0	318,427

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Education	Asbestos Control/Removal Works	0	7	0	0	0	0	7
		Block Allocation - Education	0	3,216	4,231	2,226	0	0	9,673
		Digital Inclusion 20-21	0	9	0	0	0	0	9
		Free School Meals	0	14	0	0	0	0	14
		Homeless Houses - Housing Quality Standard	0	1	0	0	0	0	1
		Internal Refurbishment Budget	0	7	0	0	0	0	7
		Lochgilphead Primary School Demolition	0	7	0	0	0	0	7
		Pre-5's/Nurseries	0	1	0	0	0	0	1
		Primary Schools	0	530	23	0	0	0	553
		School Houses - Housing Quality Standard	0	26	0	0	0	0	26
Secondary Schools	0	463	0	0	0	0	463		
Asset Sustainability Total			0	4,281	4,254	2,226	0	0	10,761
Service Development	Education	Ardrihaig Primar School - Pre Five Extension	2	0	0	0	0	0	2
		Bowmore Primary School - Gaelic Medium Grant	0	38	0	0	0	0	38
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	0	149
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	0	120
		Clyde Cottage - 600 hours provision	556	23	0	0	0	0	579
		CO2 Monitoring - Covid Mitigation in Schools	76	116	0	0	0	0	192
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	0	400
		Early Learning and Childcare	850	0	0	0	0	0	850
		Early Learning and Childcare - 1140 Hours	6,696	1,036	19	0	0	0	7,751
		Early Learning and Childcare - 1140 Hours - CFCR	111	0	0	0	0	0	111
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	0	490
		Islay High & Rosneath PS Pitches	719	-12	0	0	0	0	707
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	0	391
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	0	341
		Sandbank Gaelic Pre Five Unit	491	0	0	0	0	0	491
Service Development Total			11,392	1,201	19	0	0	0	12,612
Strategic Change	Education	Campbeltown Schools Redevelopment	2,054	76	0	0	0	0	2,130
		Dunoon Primary School	10,365	304	200	0	0	0	10,869
		Kirn Primary School	10,020	99	0	0	0	0	10,119
		Replacement of Oban High School	2,744	136	370	0	0	0	3,250
Strategic Change Total			25,183	615	570	0	0	0	26,368
Overall Total			36,575	6,097	4,843	2,226	0	0	49,741

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Shared Offices	Argyll House, Dunoon	0	12	0	0	0	0	12
		Asbestos Capital Property Works	0	51	0	0	0	0	51
		Block Allocation	0	0	236	398	0	0	634
		Bowmore Area Office	0	76	0	0	0	0	76
		Burnett Building	0	110	0	0	0	0	110
		Capital Property Works	0	38	0	0	0	0	38
		Fire Risk Assessment Works	0	14	0	0	0	0	14
		Hill Street Dunoon Rewire	0	33	0	0	0	0	33
		Kilmory Castle	0	1,368	43	0	0	0	1,411
		Legionella Control Works	0	215	0	0	0	0	215
		Manse Brae District Office	0	1	0	0	0	0	1
		Manse Brae Roads Office	0	2	0	0	0	0	2
Our Modern Workspace	0	549	87	30	0	0	666		
Asset Sustainability Total			0	2,469	366	428	0	0	3,263
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudentia	1,938	10	0	0	0	0	1,948
		Carbon Management Business Cases (FPB)	201	60	0	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	0	107
		Cleaner Energy	0	551	178	0	0	0	729
		Cleaner Energy 2022-23	0	500	0	0	0	0	500
		Helensburgh Office Rationalisation (FPB,REC)	11,528	310	0	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	0	956
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	5	0	0	0	0	187
Strategic Change Total			16,687	1,728	178	0	0	0	18,593
Overall Total			16,687	4,197	544	428	0	0	21,856

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,467	55	0	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,529	28	0	0	0	0	6,557
		CHORD - Oban	7,254	651	0	0	0	0	7,905
		Helensburgh Waterfront Development	19,377	2,895	285	0	0	0	22,557
		HWD - FFE	6	344	0	0	0	0	350
		Kilmory Business Park Phase 2AA	9	141	0	0	0	0	150
		OBC for Dunoon Pier	2,844	0	0	0	0	0	2,844
Strategic Change Total			48,486	4,114	285	0	0	0	52,885
Overall Total			48,486	4,114	285	0	0	0	52,885

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	919	771	0	0	1,690
		PC Replacement	0	522	0	0	0	0	522
		Server Sustainability	0	187	64	0	0	0	251
		Telecomms Network	0	98	0	0	0	0	98
Asset Sustainability Total		0	807	983	771	0	0	2,561	
Service Development	ICT	Applications Projects	2,126	757	0	0	0	0	2,883
Service Development Total			2,126	757	0	0	0	0	2,883
Overall Total			2,126	1,564	983	771	0	0	5,444

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	RIS	Bin Replacement Programme	0	100	0	0	0	0	100
		Bridge Strengthening	0	1,349	350	350	0	0	2,049
		Bute Sea Wall Repairs	0	750	0	0	0	0	750
		Coastal Change Adaptation	0	159	0	0	0	0	159
		Coastal Protection	0	20	80	100	0	0	200
		Environmental Projects	0	734	100	100	0	0	934
		EV Quick Chargers	0	93	0	0	0	0	93
		Flood Prevention	0	474	305	305	0	0	1,084
		Footway Improvements	0	269	0	0	0	0	269
		Glengorm - Capping	0	82	0	0	0	0	82
		Glengorm - Cell and Transfer Station (PB)	0	560	0	0	0	0	560
		Helensburgh CHORD - Signage etc	0	10	0	0	0	0	10
		Helensburgh Flood Mitigation	0	432	0	0	0	0	432
		Investment in Active Travel	0	500	0	0	0	0	500
		Lighting	0	740	150	150	0	0	1,040
		Local Bridge Maintenance Fund	0	1,237	4,210	0	0	0	5,447
		Play Park Renewal	0	155	0	0	0	0	155
		Public Convenience Upgrades	0	82	0	0	0	0	82
		Roads Reconstruction	0	8,475	3,449	3,412	0	0	15,336
		Roads Reconstruction - Helensburgh CHORD	0	47	0	0	0	0	47
Roads Reconstruction - Oban CHORD	0	3	0	0	0	0	3		
Tobermory Car Park	0	951	0	0	0	0	951		
Asset Sustainability Total			0	17,222	8,644	4,417	0	0	30,283
Service Development	RIS	Campbeltown Old Quay	1,381	43	0	0	0	0	1,424
		Fleet Management	2,859	0	0	0	0	0	2,859
		Fleet Management - Prudential Borrowing	2,674	2,187	0	0	0	0	4,861
		Jackson's Quarry Refurbishment	285	-2	0	0	0	0	283
		Lismore Ferry Replacement	618	13	15	20	0	0	666
		Lochgilphead Depot Rationalisation	29	-10	0	0	0	0	19
		Mill Park Depot Demolition	126	0	0	0	0	0	126
		Oban Depot Development	2,100	0	0	0	0	0	2,100
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	0	221
		Witchburn Road Demolition	158	-1	0	0	0	0	157
Service Development Total			10,435	2,246	15	20	0	0	12,716
Strategic Change	RIS	Campbeltown Flood Scheme	878	9,098	3,908	1,331	0	0	15,215
		Harbour Investment Programme PB	6,706	15,550	23,115	35,000	17,811	0	98,182
		Street Lighting LED Replacement	3,109	791	0	0	0	0	3,900
Strategic Change Total			10,693	25,439	27,023	36,331	17,811	0	117,297
Overall Total			21,128	44,907	35,682	40,768	17,811	0	160,296

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardishaig North Active Travel	0	880	0	0	0	0	880
		Cycleways - H&L (FSPT)	2,722	240	150	0	0	0	3,112
		Dunoon Cycle Bothy	13	266	0	0	0	0	279
		Dunoon STEM Hub	5	603	0	0	0	0	608
		Gibraltar Street Public Realm Improvements	2	248	0	0	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	2	51	0	0	0	0	53
		Hermitage Park	3,245	69	0	0	0	0	3,314
		Nature Restoration Fund	0	346	0	0	0	0	346
		Safe Streets, Walking and Cycling (CWSS)	2,334	544	0	0	0	0	2,878
		SPT - bus infrastructure	1,405	0	0	0	0	0	1,405
		Town Centre Funds	2,792	1,054	30	0	0	0	3,876
Service Development Total			12,520	4,301	180	0	0	0	17,001
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	1	0	0	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	0	214
		09 TIF - Oban Airport Business Park	489	101	0	0	0	0	590
		TIF - Halfway House Roundabout	43	597	0	0	0	0	640
Strategic Change Total			2,915	699	0	0	0	0	3,614
Overall Total			15,435	5,000	180	0	0	0	20,615

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	HSCP	Ardfenaig	0	125	0	0	0	0	125
		Block Allocation	0	390	431	428	0	0	1,249
		Capital Property Works	0	139	0	0	0	0	139
		Digitalising telecare	0	100	0	0	0	0	100
		Eadar Glinn	0	196	0	0	0	0	196
		Glencruitten Hostel	0	36	0	0	0	0	36
		Gortonvogie	0	80	0	0	0	0	80
		Greenwood/Woodlands	0	224	0	0	0	0	224
		Kilmory Castle Top Floor Toilet Refurb	0	-2	0	0	0	0	-2
		Lochgilphead Resource Centre	0	16	0	0	0	0	16
		Struan Lodge Boiler	0	252	0	0	0	0	252
		Thomson Home Rothesay	0	125	0	0	0	0	125
Tigh An Rudha HFE	0	372	10	0	0	0	382		
Asset Sustainability Total			0	2,053	441	428	0	0	2,922
Service Development	HSCP	Dunclutha Childrens Home	1,246	54	0	0	0	0	1,300
Service Development Total			1,246	54	0	0	0	0	1,300
Overall Total			1,246	2,107	441	428	0	0	4,222

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	28	0	0	0	0	28
		Campbeltown Museum - Burnet Bldg	0	38	0	0	0	0	38
		Capital Property Works	0	1,031	431	428	0	0	1,890
		Inveraray CARS	0	21	0	0	0	0	21
		Kintyre Community Education Centre - Lift Shaft Refurbishment	0	-12	0	0	0	0	-12
		Lochgilphead Library Relocation	0	20	0	0	0	0	20
		Riverside Leisure Centre - Cladding Upgrade	0	46	0	0	0	0	46
		Riverside Leisure Centre - Spa Pool Upgrade	0	20	0	0	0	0	20
		Rothsay Swimming Pool	0	27	0	0	0	0	27
		The Moat Centre - Gym Store	0	-2	0	0	0	0	-2
		Victoria Halls, Helensburgh	0	10	0	0	0	10	
Asset Sustainability Total			0	1,227	431	428	0	0	2,086
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	-13	0	0	0	0	1,232
Service Development Total			1,245	-13	0	0	0	0	1,232
Strategic Change	Live Argyll	Carbon Management	29	21	0	0	0	0	50
Strategic Change Total			29	21	0	0	0	0	50
Overall Total			1,274	1,235	431	428	0	0	3,368

TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2022

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the Council's treasury management position for the period 1 April 2022 to 30 June 2022 and includes information on:
- Overall borrowing position
 - Borrowing activity
 - Investment activity
 - Economic background
 - Interest rate forecast
 - Prudential Indicators
- 1.2. Estimated borrowing is below the Capital Financing Requirement for the period to 30 June 2022, at this stage in the financial year capital expenditure is below target. Due to delays caused by the COVID-19 pandemic capital expenditure has been relatively low over the last twelve months however there is an expectation this will increase back up again over 2022-23 which will continue to be monitored closely.
- 1.3. The net movement in external borrowing in the period 1 April 2022 to 30 June 2022 was a decrease of £10.861m.
- 1.4. The levels of investments were £117.9m at 30 June 2022. The rate of return achieved was 1.351% which compares favourably with the target SONIA rate which was 1.064%.
- 1.5. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy on the basis of security first, liquidity second and then return. The high cash levels are largely due to significant COVID-19 funding received from the Scottish Government at the end of 2020-21 and in to 2021-22 which the Council has committed for specific COVID-19 purposes in addition to slippage within the capital programme resulting in a slower rate of spend.

TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2022

2. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 April 2022 to 30 June 2022 and includes information on:

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

3. DETAIL**Overall Borrowing Position**

3.1. The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2022. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
CFR at 1 April	309,092	333,454	348,569
Net Capital Expenditure	34,530	26,502	28,227
Less Loans Fund Principal Repayments	(5,353)	(5,507)	(5,788)
Less: NPDO Repayment	(4,815)	(5,880)	(6,038)
Estimated CFR 31 March	333,454	348,569	364,970
Less Funded by NPDO	(116,681)	(117,064)	(112,184)
Estimated Net CFR 31 March	216,773	231,505	252,786
Estimated External Borrowing at 31 March	212,431	236,654	256,650
Gap	4,342	(5,149)	(3,864)

- 3.2. Borrowing is below the Capital Financing Requirement for the period to 30 June 2022. Whilst borrowing rates are still comparatively low the Council has significant cash balances which reduces the need to borrow in the short term.
- 3.3. The Council's Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.
- 3.4. The Council's estimated net capital financing requirement at 30 June 2022 is £216.8m. The table below shows how this has been financed. £167.1m is funded by loans and there are substantial internal balances of £167.6m of which £117.9m are currently invested, as detailed in section 3.7, leaving a net internal balance of £49.7m.

	Position at 31/03/22	Position at 30/06/22
	£000	£000
Loans	177,934	167,072
Net Internal Balances	-5,505	49,701
Total CFR	172,429	216,773

- 3.5. During the period from 1 April to 30 June 2022, £10.892m of loans were repaid and 0.031m of new borrowing was taken. £10m of temporary borrowing had been taken out prior to the year-end to fund short term cash flow pressures therefore this accounts for the majority of the loan repayment figure. The analysis of the movement in borrowing is shown in the table below:

	Actual £000
External Loans Repaid 1st April 2022 to 30th June 2022	(10,892)
Borrowing undertaken 1st April 2022 to 30th June 2022	31
Net Movement in External Borrowing	(10,861)

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

	£000	% Rate
Temp borrowing at 31st March 2022	10,500	0.22%
Temp borrowing at 30th June 2022	518	0.55%

Investment Activity

3.8 The average rate of return achieved in the Council's investments to 30 June 2022 was 1.351% compared to the SONIA (Sterling Overnight Index Average) rate for the same period of 1.064% which demonstrates that the Council continues to achieve a reasonable rate of return on its cash investments. At 30 June 2022 the Council had £117.9m of short term investments at an average rate of 1.351%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each counterparty.

Counterparty	Maturity	Amount £000	Interest Rate	Rating S&P
Clydesdale Bank	Instant	5,384	1.15%	Short Term A-2, Long
Santander	180 Day	5,000	0.67%	Short Term A-1, Long
Clydesdale Bank	20/09/2022	5,000	1.60%	Short Term A-2, Long
AL Ryan Bank	02/08/2022	5,000	0.59%	Short Term A-1, Long
Toronto Dominion Bank	13/10/2022	5,000	0.50%	Short Term A-1+,
Close Bros	29/07/2022	2,500	0.55%	Short Term A-1, Long
National Bank of Kuwait	11/04/2023	7,500	2.08%	Short Term A-1, Long
National Bank of Kuwait	17/11/2022	5,000	1.70%	Short Term A-1, Long
Qatar National Bank	21/10/2022	5,000	1.49%	Short Term A-1, Long
Qatar National Bank	13/12/2022	5,000	1.94%	Short Term A-1, Long
Qatar National Bank	10/11/2022	5,000	1.67%	Short Term A-1, Long
AL Ryan Bank	07/12/2022	5,000	1.70%	Short Term A-1, Long
FADB	10/08/2022	5,000	0.24%	Short Term A-1+,
FADB	20/01/2023	5,000	1.00%	Short Term A-1+,
FADB	10/05/2023	5,000	2.11%	Short Term A-1+,
London Borough of Croydon	22/07/2022	5,000	1.65%	AA
London Borough of Croydon	22/08/2022	2,500	1.65%	AA
Rotherham Metropolitan Borough Council	10/10/2022	7,500	0.90%	AA
Slough Borough Council	26/05/2023	5,000	2.10%	AA
Cheshire West & Chester Council	12/01/2023	2,500	0.90%	AA
Slough Borough Council	29/06/2023	5,000	2.10%	AA
MMF - BNP Paribas	Call	9,000	1.24%	AAA
MMF - Legal and General	Call	6,000	1.10%	AAA
Total		117,884		

- 3.9 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.10 The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy. This is largely due to significant COVID-19 funding received from the Scottish Government at the end of 2020-21 and in to 2021-22 which the Council has committed for specific COVID-19 purposes. These cash balances are in excess of what is required for normal operating purposes but the economic environment for investments has improved over the last few months with an increase in interest rates, making investing these monies easier than in previous years.

Economic and Interest Rate Forecasts

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

Prudential Indicators

- 3.12 The prudential indicators for 2022-23 are attached in Appendix 3.

4. CONCLUSION

- 4.1 In the period from 1 April 2022 to 30 June 2022, the Council's borrowing decreased by £10.861m, it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £117.9m is currently invested. The investment returns were 1.351% which is above the SONIA target of 1.064%.

5. IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
8 July 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

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

Appendix 1 – Economics Update (at 06-07-22)

This section has been provided by Link Asset Services and therefore includes their views and opinions of future trends and events.

- The second quarter of 2022 saw:
- GDP fall by 0.1% m/m in March and by 0.3% m/m in April;
- An easing rather than a collapse in the composite Purchasing Managers Index (PMI);
- A further rise in Consumer Price Index (CPI) inflation to a new 40-year high of 9.1% in May;
- The first signs that the weakening in economic activity is filtering into a slightly looser labour market;
- Bank Rate rise to 1.25%, taking it to its highest level since the Global Financial Crisis;
- Gilt yields caught up in the global surge in bond yields triggered by May's strong rise in US inflation;
- Rising global bond yields and concerns over growth drive a global sell-off in equity markets.
- Following the 0.1% m/m fall in GDP in March and the 0.3% m/m contraction in April, the economy is now moving towards a recession (two quarters of falling output in a row). Indeed, GDP would need to rise by 0.4-0.5% m/m in both May and June to prevent the economy from contracting in Q2 as a whole. That said, without the joint wind down of the COVID-19 Test and Trace and vaccination programme, GDP would have risen by 0.2% m/m and 0.1% m/m in March and April respectively. That's hardly strong, but it suggests the underlying momentum is not quite as weak as the headline figures imply.
- There is not much evidence that higher inflation and higher interest rates have yet become a big drag on activity. Services output did fall by 0.3% m/m in April. But output in consumer-facing services, conversely, rose by a solid 2.3% m/m in April. And although the Office for National Statistics (ONS) said that some of the 1.0% m/m fall in manufacturing output was linked to the drag on activity from higher prices, it also said that some of the 0.4% m/m drop in construction output in April was a drop back after the boost in the wake of February's Storm Eunice.
- The fact that the composite PMI didn't fall in June also suggests that in Q2 (Apr – June) real GDP has softened rather than collapsed. The S&P Global/CIPS all-sector PMI for June was unchanged from its level of 53.1 in May, signalling tepid but positive growth. According to the Lloyd's barometer, business confidence in May also remained remarkably resilient.
- Despite the fall in the GfK composite measure of consumer confidence to a new record low of -41 in June, April's £1.4bn rise in consumer credit suggests households appear to have turned to credit to support their spending as the cost-of-living squeeze has intensified. Meanwhile, the household saving rate held steady at 6.8% in Q1 in line with its long-term average and we expect households to lower their saving rate further when the bigger falls in real incomes come in Q2 and Q3 to cushion the blow to spending.
- The Chancellor's latest fiscal support of £10.3bn (0.5% of GDP), which comprised £15.3bn of handouts to households, partly funded by a £5bn tax on the profits of oil and gas producers, will help support GDP in the second half of the year. And with the Prime Minister and the Chancellor desperately needing to boost their popularity, some tax cuts may be announced in the Autumn Budget.

- There has been early signs that the recent weakening in economic activity is filtering through into a slightly looser labour market. The unemployment rate edged up from 3.7% in the three months to March to 3.8%. The single-month data showed that employment fell by 254,000 in April and the unemployment rate rose from 3.5% to 4.2%. And the upward march in the number of job vacancies slowed, with the three-month average only rising from 1.296m in April to 1.300m in May. A seasonal adjustment of the single-month data implies that vacancies fell in May for the first time since COVID-19 was rife in December.
- At the same time, a 1.8% m/m fall back in average earnings in April meant that the 3myy rate of earnings eased from 7.0% in March to 6.8% in April. And a lot of the 0.5% m/m rise in earnings excluding bonuses was probably due to the 6.6% rise in the National Living Wage on 1st April. The 3myy rate of earnings excluding bonuses stayed at 4.2%.
- That said, conditions in the labour market remain exceptionally tight. The unemployment rate is still close to its recent 47-year low, and there is the same number of unemployed people as job vacancies and at 6.8% in April, the 3myy rate of average earnings is at a 10-year high (although it is still falling in real terms) and is well above the 3.0-3.5% that is broadly consistent with the 2.0% inflation target (assuming that productivity growth is 1.0-1.5%).
- CPI inflation rose from 9.0% in April to a new 40-year high of 9.1% in May and it is not yet close to its peak. The increase in CPI inflation in May was mainly due to a further leap in food price inflation from 6.7% to a 13-year high of 8.5%. With the influence of increases in agricultural commodity prices yet to fully feed into prices on the supermarket shelves, we think that food price inflation will rise above 10% in September. And with two-thirds of the observation period for the Ofgem price cap having now passed, something like a 40% rise in utility prices is pretty much baked in the cake for October. The further rise in core producer price inflation, from 13.9% to 14.8%, suggests that core goods CPI inflation will probably rise to 14% before long. We think that will take CPI inflation to a peak of around 10.5% in October.
- The rise in services CPI inflation from 4.7% in April to 4.9% in May suggests that domestic price pressures are still strengthening.
- There now seems to be an even greater likelihood that second-round effects, whereby high inflation feeds back into higher price and wage expectations, keep inflation higher for longer. For some time, the Monetary Policy Committee (MPC) has placed a lot of weight on the results of the Bank of England's monthly Decision Maker Panel which asks businesses how they expect to change their prices and wages over the next year. May's survey revealed that businesses still expect to raise their selling prices by 6.0% and their wages by 4.8% over the next year. Meanwhile, XpertHR said that pay settlements across the economy stayed at a 30-year high of 4.0% in May. The government appears to be contemplating raising public sector pay by up to 5%. And the 7.1% pay rise granted to some railway workers sets a high bar for the negotiations that led to train strikes across large parts of the country in mid-June.
- The MPC has now increased interest rates five times in as many meetings and raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed raised rates by 75 basis points (bps) in June and a handful of other central banks have recently raised rates by 50bps, the Bank of England's action is relatively dovish. The MPC's decision not to follow the Fed and raise rates by more makes some sense. The UK's status as a larger importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- But the MPC's new guidance is that if there are signs of "more persistent inflationary pressures" it will, "if necessary act forcefully in response". We expect the MPC to continue to

raise rates in steps of 25bps rather than 50bps. We think the MPC will raise rates from 1.25% now to a peak of 2.75% next year. That's higher than the peak of 2.00% forecast by economists, but lower than the peak priced into the financial markets.

- Gilt yields have been caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. And in response to signs that central banks (particularly the US Fed) are going to raise interest rates faster to get on top of inflation, we now think that 10-year gilt yields will reach a peak of 2.70% (up from 2.39% currently) this year and into 2023.
- While the S&P 500 is 8.4% below its level a month ago, the FTSE 100 is 5.7% below it. Part of the sell-off has been driven by the rapid rise in global bond yields and the resulting downward pressure on equity valuations as well as concerns over economic growth.
- Finally, the pound has already weakened from \$1.37 and €1.21 earlier this year to \$1.21 and €1.16. A lot of these moves have been driven by concerns over the outlook for the global economy and the resulting poor performance of risky assets, which has increased the demand for the dollar relative to sterling. If interest rates rise faster and further in the US than in the UK, rate differentials and a worsening in risk appetite will push the pound even lower, from \$1.21 now to \$1.18 by the end of 2022. We don't expect the pound to fall by as much against the euro (from €1.16 to €1.14 next year). But once global inflation and global interest rates peak, the pound will probably benefit from the return of risk appetite. It may rise to \$1.25 by the end of 2023 and to \$1.30 by the end of 2024.

MPC meetings 5th May and 16th June 2022

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by a further four 0.25% rises to 1.25%, in what is very likely to be a series of increases repeated throughout the rest of 2022 and into 2023.
- In May, the MPC voted 6-3 vote in favour of a 0.25% increase, but not only was this the first time in its 25-year history that the MPC had raised rates at four meetings in a row but also three members (Haskel, Mann and Saunders) wanted a 0.5% hike (up from none in March). However, GDP growth was forecast to drop to -0.25% in 2023 (+1.25% previously) and only +0.25% in 2024 (+1.00% previously). Anyone for a recession?
- Nonetheless, over Q2, it is clear central banks in the developed economies have placed the dampening down of inflation pressures front and centre of their primary objectives, even if it comes at the cost of sluggish growth or, indeed, recession (mild ideally but it is very difficult to micro-manage economic performance). The Monetary Policy Committee (MPC) is in step with this approach although, arguably, the UK economy is dragging its feet to a greater extent than that seen in the US.
- What are the key factors for consideration? First, the CPI measure of inflation is already at 9.1%, and the Bank of England anticipates it will peak near to 11% just before Christmas. With the cost-of-living squeeze in full swing by that juncture, and unemployment likely to be ticking upwards, we judge that the Bank will pause following its March 2023 meeting and judge it has done enough so long as inflation starts to fall, albeit at a slow pace. To that extent, we can envisage the MPC waiting a full year before loosening the reins and starting to cut Bank Rate in spring 2024. However, given the number of geopolitical factors that could push this forecast off track, we would caution against taking a strong view on how interest rate

movements evolve and instead focus on optimising balance sheet management and the risk management of investment and debt portfolios.

- Regarding gilt yields, all developed economies have seen a considerable uplift in government bond yields across the whole curve since the start of 2022 and, in many ways, gilts have simply played catch-up of late. To that end, we have revised our PWLB forecasts upward and you will even see we have a 3.7% PWLB rate projected for the 25-year part of the curve in both 2022 and 2023. However, as headline inflation falls back, we project a slow reduction in gilt yields as investors acknowledge that price pressures are gradually coming under control.
- At the 16th June MPC meeting, part of the reason for the Committee only seeing a 0.25% hike as necessary is the prevailing weak economic data. The vote was again 6-3 (the same as in May) but the words were more hawkish with the Bank strengthening its forward guidance. It deleted the previous phrase that “some degree of further tightening...may still be appropriate” and replaced it with “the scale, pace and timing of any further increases in Bank Rate will reflect the Committee’s assessment of the economic outlook and inflationary pressures” and that “the Committee will be particularly alert to indications of more persistent inflationary pressures, and will, if necessary, act forcefully in response.”
- Whereas in May two members objected to the guidance that rates will rise further, it appears that all members are behind this new, stronger guidance. However, the growing evidence that firms’ price and wage expectations have become dislodged from the 2.0% target suggest that the Bank is between a rock and a hard place in navigating the appropriate monetary policy response. As always, the economic data will be key to anticipating whether our assumptions remain sound.

Appendix 2 – Interest Rate Forecast

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

The latest forecast on 21st June is compared below to the previous forecast (10th May). A comparison of these forecasts shows that PWLB rates have increased generally and show a speed up in the rate of increase in Bank Rate as inflation is now posing a greater risk. The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally as inflation concerns abound. To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but without pushing the economy into recession.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

Link Group Interest Rate View 10.5.22													
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.25	1.50	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
3 month ave earnings	1.20	1.50	1.70	2.00	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
6 month ave earnings	1.60	1.90	2.10	2.20	2.20	2.20	2.20	2.10	2.00	1.90	1.90	1.90	1.90
12 month ave earnings	2.00	2.20	2.30	2.40	2.40	2.30	2.30	2.20	2.20	2.10	2.10	2.10	2.10
5 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.50	2.50	2.50	2.50	2.50
10 yr PWLB	2.80	2.80	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80	2.80	2.80
25 yr PWLB	3.00	3.10	3.10	3.20	3.20	3.20	3.10	3.10	3.00	3.00	3.00	3.00	3.00
50 yr PWLB	2.70	2.80	2.80	2.90	2.90	2.90	2.80	2.80	2.70	2.70	2.70	2.70	2.70

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

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was last updated on 21st June and reflected a view that the MPC will be keen to further demonstrate its anti-inflation credentials by delivering a 0.25% increase in Bank Rate in August, September, November, December, February and March i.e., the next six MPC meetings.

- The CPI measure of inflation is now forecast to rise to close to 11% in Q4 2022 and the MPC will be keen to stifle the prospect of average earnings data (6.8% y/y currently including bonuses) providing further upside risk to inflationary factors that are primarily being driven by supply-side shortages.
- When Bank Rate reached 1% in May, the MPC indicated (no earlier than August) that it will also consider the extent to which it implements Quantitative Tightening (QT), primarily the selling of its gilt holdings. However, they are likely to take any such decision cautiously as they are already not refinancing maturing debt.
- Notwithstanding the MPC's clear desire to increase Bank Rate throughout 2022, negative real earnings, the 54% hike in the Ofgem energy price cap from April (to be followed by a potential 40%+ further increase from October), at the same time as employees (and employers) have incurred a 1.25% Health & Social Care Levy, growing commodity and food inflation plus council tax rises - all these factors will hit households' finances hard. However, lower income families will be hit disproportionately hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.
- Given the above outlook, it poses a question as to whether the MPC may shift into protecting economic growth if it flatlines or contracts through 2022. Accordingly, we remain tentative about whether the MPC will increase Bank Rate as far as the market is currently pricing in (3.25% in April 2023).
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies, but the on-going conflict between Russia and Ukraine, including the manner in which the West and NATO respond through sanctions and/or military intervention. Currently, oil, gas, wheat and other mainstream commodities have risen significantly in price and central banks will have to balance whether they prioritise economic growth or try to counter supply-side shock induced inflation.
- On the positive side, consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income before these increases hit and have few financial reserves.

PWLB RATES

- The yield curve has steepened considerably through the quarter and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 2.75% to 3.75%.
- 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 (although we thought that in May and markets went much further than expected in respect of the gilt market sell-off).
- 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 gone to above 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 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 as they have done since the turn of the year.

Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2022-23	2022-23	2023-24	2024-25
(1). EXTRACT FROM BUDGET				
	Forecast Outturn £'000	Original Estimate £'000	Forecast Outturn £'000	Forecast Outturn £'000
Capital Expenditure				
Non - HRA	34,530	51,699	26,502	28,227
TOTAL	34,530	51,699	26,502	28,227
Ratio of financing costs to net revenue stream				
Non - HRA	2.70%	2.70%	4.56%	4.57%
Net borrowing requirement				
brought forward 1 April *	309,092	292,303	333,145	348,569
carried forward 31 March *	333,454	333,145	348,569	364,970
in year borrowing requirement	24,362	40,842	15,424	16,401
In year Capital Financing Requirement				
Non - HRA	24,362	40,842	15,424	16,401
TOTAL	24,362	40,842	15,424	16,401
Capital Financing Requirement as at 31 March				
Non - HRA	333,454	333,145	348,569	364,970
TOTAL	333,454	333,145	348,569	364,970

PRUDENTIAL INDICATOR	2022-23	2023-24	2024-25
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	228	252	272
other long term liabilities	120	121	116
TOTAL	348	373	388
Operational boundary for external debt -			
borrowing	223	247	267
other long term liabilities	117	118	113
TOTAL	340	365	380
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2022/23	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2022

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2022 the Council had a total of £103.626m of usable reserves. Of this:
- £2.682m relates to the Repairs and Renewals Fund
 - £4.414m relates to Capital Funds
 - £96.530m was held in the General Fund, with £89.433m of this balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £89.433m:
- £46.923m is invested or committed for major initiatives/capital projects
 - £37.089m is still to be drawn down in 2022-23
 - £5.421m is planned to be spent in future years

Appendix 1 provides further information on the unspent budget earmarkings and Appendix 2 provides further information on the COVID earmarkings.

- 1.5 The Council's General Fund contingency level is set at 2% of net expenditure for 2022-23 which equates to £5.256m. At the beginning of the financial year there was £1.841m of unallocated General Fund Balance (over and above contingency). At the Council meeting on 24 February 2022 it was agreed that the budgeted revenue surplus of £2.482m would be transferred into the general fund. After taking this into consideration and the current forecast outturn for 2022-23, the Council is estimated to have a £4.323m surplus over contingency.

RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2022**2. INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances at 31 March 2022

- 3.2.1 The balances on each type of reserve at 31 March 2022 are set out in the two tables below, per the Unaudited Accounts for 2021-22.

Unusable Reserves	£000
Revaluation Reserve	145,903
Capital Adjustment Account	223,147
Financial Instruments Adjustment Account	(2,198)
Pensions Reserve	4,634
Accumulated Absences Account	(6,928)
Total Unusable Reserves	364,558

Usable Reserves	£000
Repairs and Renewals Fund	2,682
Capital Fund and Usable Capital Receipts Reserve	4,414
General Fund	96,530
Total Usable Reserves	103,626
Total Reserves	468,184

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

3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2022 can be analysed as follows:

	Balance 31/03/22 £000
Balance on General Fund as at 31 March 2021	78,245
Increase to General Fund balance at end of 2021-22	18,285
Earmarked Balances	(89,433)
Contingency allowance at 2% of net expenditure	(5,256)
Unallocated balance as at 31 March 2022	1,841

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2022, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget earmarkings.

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

Earmarking Category	Balance 31/03/2022 - per year end published report	Transfers between categories	Invested or committed for major initiatives /capital projects	Drawn-down to 2022-23 Budget as at 30/06/22	Still to be drawn-down in 2022-23	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,590		6,590				
Investment in Affordable Housing	3,300		3,300				
Capital Projects	24,722		24,722				
Lochgilphead and Tarbert Regeneration	2,271		2,271				
Support for Rural Growth Deal	1,058		1,058				
Asset Management Investment	2,607		2,607				
Piers and Harbours Investment Fund	1,643		1,643				
Scottish Government Initiatives	3,141				2,774	367	
CHORD	349				150	199	
DMR Schools	1,982				1,982		
Energy Efficiency Fund	218				218		
Existing Legal Commitments	475				475		
Unspent Grant	12,834		950		11,432	452	
Unspent Third Party Contribution	166				166		
Previous Council Decision - Other	4,343	-55	2,125		2,163		
Redundancy Provision	1,732				500	1,232	
Supporting Organisational Change	1,588				500	1,088	
Spend to Save Route Optimisation	100				100		
Timing Delay	499				499		
Hermitage Park	4				4		
COVID-19	9,407		257		9,150		
Unspent Budget	10,404	55	1,400		6,976	2,083	
Totals	89,433	0	46,923	0	37,089	5,421	0

3.4 Unallocated General Fund Balance

3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2022-23 and amounts to £5.256m. At the beginning of the financial year there was £1.841m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 24 February 22 and the balanced forecast

outturn position at June, the Council is forecast to have a £4.323m surplus over contingency.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 2022	2,482
Current Forecast Outturn for 2022-23 as at 30 June 2022		0
Estimated Unallocated balance as at 31 March 2023		4,323

3.5 Loans Fund Review

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

	Agreed Allocation	Transferred to Earmarked Reserves / 20-21 / 21-22 Budget	Transferred to Earmarked Reserves / 22-23 Budget	Balance Remaining
	£000	£000	£000	£000
Provision for the increasing principal repayments	7,649			7,649
Provision to Support Organisational Change	500	(500)		0
Estimated Cost of 2020-21 redundancies that are part of budget savings proposals	600	(600)		0
Future Redundancies Provision	1,500	(1,500)		0
Spend to Save Route Optimisation	100	(100)		0
Funding Gap in Capital Programme	2,619			2,619
Capital Programme Intolerable Red Risks	574	(574)		0
Campbeltown Flood Prevention Scheme	1,406			1,406
Significant Strategic Change Projects	5,013	(2,856)		2,157
2020-21 Revenue Budget Contribution	600	(600)		0
	20,561	(6,730)		13,831

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 30 June 2022 the estimated unallocated General Fund, after taking into consideration the budget motion and forecast outturn for 2022-23 is £4.323m.

5. IMPLICATIONS

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Fairer Scotland Duty- None.
- 5.5.1 Equalities – protected characteristics - None.
- 5.5.2 Socio-economic Duty - None.
- 5.5.3 Islands - None.
- 5.6 Climate Change - None.
- 5.7 Risk - A contingency of £5.256m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.8 Customer Service - None.

Kirsty Flanagan
Section 95 Officer
8 July 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

- Appendix 1 – Earmarked Reserves breakdown of unspent budget
Appendix 2 – Earmarked Reserves breakdown of COVID earmarkings

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

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 30 June 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	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 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855			8,855	8,855	0	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	0
002	Chief Executive's Unit	Community Planning	Gaelic Development	8,235			8,235	8,235	0	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	Chief Executive's Unit	Financial Services	Financial Systems	114,000			114,000	114,000	0	To fund the completion of the implementation of the Oracle Fusion Financial Management System, a software update for cash receipting to ensure card payments can still be taken and the procurement and implementation of a new system to manage the requirements of the IFRS16 Leases accounting standard.	114,000	0	0
004	Chief Executive's Unit	Financial Services	Accounting and Budgeting Team Resilience	95,000			95,000	76,000	19,000	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
005	Chief Executive's Unit	Financial Services	CIPFA	32,530			32,530	32,530	0	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	32,530	0	0
006	Chief Executive's Unit	Financial Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	0	18,595	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
007	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	35,000			35,000	35,000	0	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
008	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Charity	750,000			750,000	375,000	375,000	Agreed at Council meeting February 2020, £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	375,000	375,000	0
009	Executive Director (Douglas Hendry)	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	320,000			320,000	320,000	0	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing).	320,000	0	0
010	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Essential repairs	306,400			306,400	306,400	0	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
011	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	84,688			84,688	84,688	0	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which 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
012	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013			21,013	21,013	0	For Site Investigation works in relation to Tweeddale Street Car Park, 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
013	Executive Director (Douglas Hendry)	Commercial Services	Catering and Cleaning Restructure Costs	17,000			17,000	17,000	0	To support the catering and cleaning team restructure	17,000	0	0
014	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	187,526			187,526	187,526	0	At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21 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	0
015	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	77,440			77,440	77,440	0	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	77,440	0	0
016	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000			10,000	10,000	0	To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively. A balance 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
017	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Education Purchasing Officers	210,000			210,000	90,000	120,000	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	90,000	120,000	0
018	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NDR - One off contribution to 22/23 Budget	200,000			200,000	200,000	0	To fund one off operational saving CS04 agreed for the 2022/23 budget.	200,000	0	0
019	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NPDO Schools Contract	166,000			166,000	166,000	0	To fund one off operational saving LRS01 agreed for the 2022/23 budget	166,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	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 2023-24 onwards
020	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Transformation Agenda QIO	100,259			100,259	70,259	30,000	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	30,000	0
021	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	55,000			55,000	30,000	25,000	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
022	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Councillor IT Equipment	65,000			65,000	65,000	0	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
023	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Debt Counselling & Welfare Rights	27,025			27,025	27,025	0	To meet the cost of a Debt Counselling and Welfare Rights Management System.	27,025	0	0
024	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Community Safety Partnership	16,000			16,000	16,000	0	To earmark the Community Safety Partnership funding received for 2021/22 to be used for Community Safety Partnership purposes.	16,000	0	0
025	Executive Director (Kirsty Flanagan)	Customer Support Services	Microsoft 365	300,000			300,000	166,930	133,070	To be added to existing earmarked reserves to meet increasing MS365 licensing costs from 2022/23 onwards	166,930	133,070	0
026	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150			109,150	109,150	0	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
027	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	76,455			76,455	0	76,455	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
028	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	36,508			36,508	36,508	0	In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in FQ4 20/21.	36,508	0	0
029	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000			30,000	30,000	0	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding.	30,000	0	0
030	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	30,000			30,000	18,000	12,000	To facilitate the implementation of technical efficiency improvements and new processes	18,000	12,000	0
031	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,601			27,601	27,601	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	0
032	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	709,700			709,700	709,700	0	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.	709,700	0	0
033	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	115,764			115,764	115,764	0	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22-23, in order that the application process can commence during 21-22 and that this agreed figure be augmented by any underspend remaining from the 20-21 financial year. At 24 February 22, decision made to agree £90k for 23-24, in order that the application process can commence during 22-23 and that this agreed figure be augmented by any underspend remaining from the 21-22 financial year	115,764		0
034	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Island Post	50,461			50,461	50,461	0	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025	50,461	0	0
035	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	40,000			40,000	20,000	20,000	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
036	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,492,997			1,492,997	746,499	746,498	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
037	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	500,000			500,000	500,000	0	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	500,000		0
038	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	427,286			427,286	89,373	337,913	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
039	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	400,000			400,000	400,000	0	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
040	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Strategy	363,000			363,000	225,000	138,000	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.	225,000	138,000	0
041	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Management	256,753			256,753	256,753	0	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
042	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Replacement Signage and Bins	135,366			135,366	135,366	0	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
043	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Kintyre Recycling Redundancy Costs	36,000			36,000	36,000	0	To fund redundancy costs associated with Kintyre Recycling	36,000	0	0
044	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099			28,099	28,099	0	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
045	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	1,000,000	0	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	1,000,000	0	0
046	Non Departmental	Non Departmental	Loans Fund	385,279			385,279	385,279	0	At the Council Budget meeting on 24 February 2022, Saving FS01, a Loans Fund Management/Operational saving for 22/23 budget of £0.500m was agreed with at least £0.200m to come from underspends in 21/22. The underspend position for 21/22 is £0.385m and this has to be earmarked to help offset the saving.	385,279	0	0
047	Non Departmental	Non Departmental	Utilities	283,000			283,000	283,000	0	To contribute towards the expected adverse impact on the 2022/23 budget of utility costs inflation as per Budget Pack	283,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	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 2023-24 onwards
048	Non Departmental	Non Departmental	Digital Projects (General Provision to be allocated)	103,545			103,545	103,545	0	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. 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 2.1l	103,545	0	0
049	Non Departmental	Non Departmental	Community Resilience Fund	76,447			76,447	76,447	0	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
050	Non Departmental / Chief Executive's Unit	Across Services / Chief Executive's Unit	Information Management (Balance of Funding)	209,844			209,844	209,844	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	209,844	0	0
051	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697			12,697	12,697	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	12,697	0	0
052	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000			92,000	61,000	31,000	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
053	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Digital Customer Engagement Projects)	73,000			73,000	73,000	0	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
054	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455			63,455	63,455	0	To 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
055	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470			11,470	11,470	0	To deliver a number of Digital Service Transformation Projects, 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
056	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Development and Economic Growth	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	57,491			57,491	57,491	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	57,491	0	0
				10,458,934	0	0	10,458,934	8,376,403	2,082,531		8,376,403	2,008,531	74,000

APPENDIX 2

COVID Earmarkings
As at 30 June 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	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 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Community Planning - temp post to support communities	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0
002	Chief Executive's Unit	Community Planning	COVID-19 - Test and Protect Support	44,047				44,047	44,047	0	Funding provided in relation to the Local Self-Isolation Assistance Service. The Community Planning and Development Team will work with community groups to support their community response and resiliency to Test and Protect and COVID-19 impacts	44,047	0	0
003	Chief Executive's Unit	Financial Services	LACER Fund	797,720				797,720	797,720	0	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
004	Chief Executive's Unit	Financial Services	Housing Benefits Private	673,867				673,867	673,867	0	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	673,867	0	0
005	Chief Executive's Unit	Financial Services	Flexible Food Fund	510,573				510,573	510,573	0	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.	510,573	0	0
006	Chief Executive's Unit	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	167,983				167,983	167,983	0	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	Chief Executive's Unit	Financial Services	Self Isolated Support Grant	16,000				16,000	16,000	0	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
008	Chief Executive's Unit	Financial Services	Test and Protect Extension	9,929				9,929	9,929	0	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	9,929	0	0
009	Executive Director (Douglas Hendry)	Education	Logistics Funding - Safe Opening of Schools	940,605				940,605	940,605	0	SG Funding to ensure the safe opening and operation of schools. Includes transport, PPE, Cleaning and expansion of estate.	940,605	0	0
010	Executive Director (Douglas Hendry)	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - £45m Grant - £45m	488,310				488,310	488,310	0	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes.	488,310	0	0
011	Executive Director (Douglas Hendry)	Education	COVID 19 - Education Recovery - Additional Staff in School and ELC settings	373,346				373,346	373,346	0	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
012	Executive Director (Douglas Hendry)	Education	Education to Support Young People	321,816				321,816	321,816	0	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.	321,816	0	0
013	Executive Director (Douglas Hendry)	Education	Recruitment of Additional Teachers and Support Staff in Schools	136,715				136,715	136,715	0	Fund additional teachers and support staff.	136,715	0	0
014	Executive Director (Douglas Hendry)	Education	EDU - Community Mental Health and Wellbeing Support to Children and Young People - Pandemic Funding	49,756				49,756	49,756	0	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.	49,756	0	0
015	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Welfare Rights Support	172,000				172,000	172,000	0	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.	172,000	0	0
016	Executive Director (Douglas Hendry)	Legal and Regulatory Services	LACER Funding - Advice Services	130,000				130,000	130,000	0	Local Authority COVID Economic Recovery (LACER) Funding for Welfare Rights - ALI Energy, Bute Advice, Citizens Advice	130,000	0	0
017	Executive Director (Kirsty Flanagan)	Customer Support Services	Self Isolated Support / Self Isolated Support Grant (HR)	115,000				115,000	115,000	0	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities, however low infection rates and therefore demand in A&B meant that this was not required in 2020/21 or 2021-22. The 2021-22 funding of £43,000 will 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. The 2021-22 funding of £72,000 will 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.	115,000	0	0
018	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation and Marketing Argyll and Bute	592,013				592,013	592,013	0	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey.	592,013	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	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 2023-24 onwards
019	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund	250,000				250,000	250,000	0	As agreed at the Council Meeting on 25 February 2021. Establishes the Tackling Digital Exclusion Top Up Fund to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. While vouchers are available from the UK and Scottish Governments in some cases these do not cover the full cost of infrastructure builds.	250,000	0	0
020	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Small Business Development Grant)	200,000				200,000	200,000	0	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing improvements and improve efficiency/innovation.	200,000	0	0
021	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Sector Support Grant)	150,000				150,000	150,000	0	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that 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
022	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (New Enterprise Support Grant)	120,000				120,000	120,000	0	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
023	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation Investment per budget pack February 22	100,000				100,000	100,000	0	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.	100,000	0	0
024	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Development - temp post to support economic recovery	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0
025	Executive Director (Kirsty Flanagan)	Development and Economic Growth	EH Covid Posts	41,145				41,145	41,145	0	Funding for 2 posts for 2 years and not recruited until late 20-21	41,145	0	0
026	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Shop Local)	40,000				40,000	40,000	0	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
027	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tenant Hardship Fund	30,000				30,000	30,000	0	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
028	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Gypsy Travellers)	10,000				10,000	10,000	0	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
029	Non Departmental	Across Departments	COVID Cost Pressures Beyond 2021/22	370,000				370,000	370,000	0	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	370,000	0	0
030	Non Departmental	Non Departmental	Recovery and Renewal Fund	1,547,000				1,547,000	1,547,000	0	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. 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.	1,547,000	0	0
031	Non Departmental	Non Departmental	Unallocated Admin Support Grant	411,285				411,285	411,285	0	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	411,285	0	0
032	Non Departmental	Non Departmental	Capital pressure	257,000				257,000	257,000	0	Pressure identified on the 20-21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan	257,000	0	0
033	Non Departmental	Non Departmental	Levelling up Fund bids per P&R February 22	150,000				150,000	150,000	0	As agreed at Policy & Resources committee on 17 February 2022, an allocation of up to £0.150m to support Levelling Up Fund bids	150,000	0	0
034	Non Departmental	Non Departmental	CHARTS per budget pack February 22	75,000				75,000	75,000	0	As agreed at Council on 24 February 2022, investment in CHARTS £0.075m. To support the organisation in delivering targeted support, in communities, to the culture, arts and heritage sector as part of its plans to contribute to overall economic recovery.	75,000	0	0
035	Non Departmental	Non Departmental	CHARTS	7,000				7,000	7,000	0	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.	7,000	0	0
				9,408,110	0	0	0	9,408,110	9,408,110	0		9,408,110	0	0

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****11 AUGUST 2022**

BUDGET OUTLOOK 2023-24 TO 2027-28

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget outlook 2023-24 to 2027-28, reported to the Policy and Resources Committee on 16 June 2022.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding remain unchanged from those reported on 16 June 2022 and ranges between 0.5% reduction (best case) and 1.5% reduction (worst case) with a mid-range reduction of 1.0%.
- 1.4 There are no changes to my previous assumptions around the growth in Council Tax. For 2023-24 the Council tax base has been assumed to grow by 1% in the worst case scenario, 1.5% in the mid-range scenario and 2% in the best case. In future years this then drops down to 0.25% in the worst case scenario, 0.5% in the mid-range scenario and 0.75% in the best case.
- 1.5 There are no changes to the base budget since the report on 16 June 2022.
- 1.6 Similarly there are no changes to the assumptions in respect of employee costs for Council services which were previously noted as follows:
- Pay award for 2023-24 to 2027-28 of between 2% in the best and mid-range scenarios and 5% within the worst case scenario. It is acknowledged that as the pay award has not yet been agreed it could differ from this estimate and at this stage we are recognising that possibility as a financial risk.
 - Increments between £0.345m and £0.690m with mid-range £0.690m.
- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios with a contingency of £0.250m built into the mid-range. A further general inflationary increase has been built into the worst case scenario. The estimates for non-pay inflation have increased by £0.434m with the main increases being insurance and bitumen prices.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario. Changes to these pressures since the report on 16 June 2022 are:
- New - Increased cost of salt for Winter Maintenance
 - New - Cease use of red diesel
 - New - Insurance payments

- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2022, indicative allocations for 2023-24 to 2024-25 were agreed on the basis of a flat cash allocation. In the budget outlook I have assumed flat cash allocations across all three scenarios.
- 1.11 At this stage a 3% reduction to the Live Argyll Management fee has been included within the estimates. At the 2022-23 budget setting meeting in February 2022 it was agreed to defer the proposed 3% reduction to the Live Argyll management fee until 2023-24 subject to any future budget decisions. It was agreed that management would engage in early discussions with Live Argyll in relation to future approach to support effective longer term financial planning.
- 1.12 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustments, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £47.784m with a gap of £10.292m in 2023-24.
- 1.13 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 2% and 4% (3% mid-range).
 - 3% reduction to the Live Argyll Management Fee.
 - Management/operational savings agreed by Council in February 2022.
 - Policy savings already agreed by Council in February 2022.
 - Proposed increase to Council Tax (3% in all scenarios).
- 1.14 In the mid-range scenario, the revised budget gap estimated over the five year period 2023-24 to 2027-28 is £36.493m with a gap of £7.980m in 2023-24.
- 1.15 The budget gap in the best case scenario over the five years is £25.060m with a gap of £5.367m in 2023-24 and in the worst case scenario, the budget gap over the five years is £79.798m with a gap of £16.231m in 2023-24. A summary of all three scenarios is included within Appendix 1.
- 1.16 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2023-24 to 2027-28.

BUDGET OUTLOOK 2023-24 TO 2027-28**2. INTRODUCTION**

2.1 This report provides an update to the budget outlook 2023-24 to 2027-28, reported to the Policy and Resources Committee on 16 June 2022.

2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2023-24 to 2027-28.

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

4.1.1 There are no changes to my previous assumptions around the level of future Scottish Government funding. In my report in June, I advised that the Resource Spending review indicated that Local Government is expected to receive a flat cash settlement up to 2026-27. The flat cash position is at portfolio level and does not include any transfers to Local Government from other portfolios in-year. These transfers are likely not be confirmed until December 2022 and that, along with the fact that due to our declining population our settlement is usually worse than the average, lead me to the funding assumptions built into the outlook. The funding assumptions range between a 0.5% reduction (best case) and 1.5% (worst case) with a mid-range reduction of 1.0%.

4.1.2 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
% Change to Funding	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Estimated SG Funding Reduction	(2,016)	(2,143)	(2,122)	(2,101)	(2,080)
Estimated SG Funding	214,330	212,187	210,065	207,964	205,884

Council Tax

- 4.1.3 The Council Tax budget for 2022-23 was set at £55.262m which reflected a 3% inflation increase and 1.5% growth in the Council Tax base as agreed by the Council on 24 February 2022.
- 4.1.4 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that a 1.5% growth in the mid-range (1% in worst case and 2% in best case) should be maintained for 2023-24 with the drop down to 0.5% in the mid-range in 2024-25.
- 4.1.5 Within this report, I will present the budget gap, prior to any Member based decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2022-23.
- 4.1.6 The table below summarises the estimated total funding in the mid-range scenario.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Estimated SG Funding	214,330	212,187	210,065	207,964	205,884
Council Tax Base	55,262	55,262	55,262	55,262	55,262
Council Tax Growth	829	1,109	1,391	1,674	1,959
Total Estimated Funding	270,421	268,558	266,718	264,900	263,105

4.2 Base Budget

- 4.2.1 The 2022-23 budget approved by Council on 24 February 2022 was £262.812m.
- 4.2.2 For future years, there are adjustments required to the base budget from decisions by Council on 24 February 2022 and other adjustments as noted in the table below:

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Base Budget 2022-23	262,812	262,812	262,812	262,812	262,812
Additional Funding in Finance Order (see paragraph 4.1.4)	6,315	6,315	6,315	6,315	6,315
Additional budget required in relation to the Teachers Pay Settlement 2021-22 (see paragraph 4.1.5)	121	121	121	121	121
Adjust for repayment of Loans Fund Principal Repayment Holiday	162	170	179	188	197
Remove one off 2022-23 Election costs	(350)	(350)	(350)	(350)	(350)
Remove one off 2022-23 Management/Operational savings	2,174	2,182	2,182	2,182	2,182
Revised Base Budget	271,234	271,250	271,259	271,268	271,277

4.3 Employee Cost Changes

Pay Award

- 4.3.1 The pay award for 2022-23 has still to be agreed and this may have an impact on the base budget if the pay award is greater than the estimate built into the current year's budget, which was 2%.
- 4.3.2 In March 2022, COSLA Leaders agreed to make an undifferentiated offer of a 2% uplift to all bargaining groups on the basis of parity for all which has been both a key concern and agreed position for the past number of years. All Unions rejected this initial offer. On 17 June 2022, COSLA Leaders agreed to "mandate the Resources spokesperson to make a revised pay offer of 5% **contingent** on additional funding being provided by the Scottish Government, matching that offered to Agenda for Change staff, and, recognising the significant affordability impact this will have for Councils, to continue discussions to make clear to Scottish Ministers that they must urgently identify and provide additional financial resource for Local Government to protect local services and current staffing levels." Negotiations are ongoing.
- 4.3.3 The COSLA remuneration advisory group, made up of advisors from the Society of Local Authority Chief Executives (SOLACE), The Directors of Finance and the Society of Personnel and Development Scotland (SPDS) has noted the constraints on Local Government funding, with two thirds of Councils having budgeted for a pay increase of 2% or less. The 2% increase is deemed to be affordable, hence why that is the assumption that has been built into the mid-range scenario. On speaking with Director of Finance colleagues in early July, there is still a shared view that no more than 2% is affordable for Local Government.
- 4.3.4 For future years, the pay assumption remains at 2% in both the mid-range and the best case, reflecting that 2% is deemed to be affordable but it is not likely that the pay award will be less than this. For scenario purposes, 5% has been built into the worst case. There remains a significant risk that the pay award agreed for 2022-23 and beyond could be higher. Every 1% over and above what is budgeted would add an additional pressure of circa £1.5m.

Increments

- 4.3.5 There are no changes to my previous assumption around the cost of employee increments. It has been assumed that for future years, the best case is half of the previous year cost, for mid-range and worst case, it will be equal to the cost in 2022-23 (£0.690m).
- 4.3.6 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Pay Award	3,000	6,061	9,182	12,366	15,613
Increments	690	1,380	2,070	2,760	3,450
Total Employee Cost Changes	3,690	7,441	11,252	15,126	19,063

4.4 Non-Pay Inflation

- 4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable. In terms of the budget outlook, only unavoidable/inescapable non-pay inflation is built into the best case and mid-range scenarios with a general inflation allowance over and above this built into the worst case.
- 4.4.2 Given the current instability around inflation rates officers continue to review areas of non-pay inflation of significant value and volatility on an ongoing basis. The principle of only budgeting for unavoidable/inescapable remains, however, it has to be noted that in this current financial climate, some budgets with no inflation allowed for are now stretched beyond the point of containing the cost within budget and therefore the budget will now buy less than what it used to be able to buy (so in effect, we will see some cuts as a result).
- 4.4.3 When creating a budget outlook for future years, there is a risk that inflation assumptions could change during the year. Due to the current inflation uncertainty, it would be prudent to include a contingency for other inflation increases not included in the calculations. A contingency allowance of £0.500m is included within the worst case scenario and a £0.250m allowance included within the mid-range scenario each year. No contingency is included within the best case scenario. This contingency will either be required, reduced or removed to reflect changing circumstances before the 2023-24 budget process.
- 4.4.4 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services since last reported on 16 June 2022 with more detail available in Appendix 2. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

Inflation Category	2023-24 Previous estimates £000	2023-24 Updated estimates £000	Increase £000
Utilities - Electricity, Gas, Oil, Water	1,177	1,190	13
Street Lighting Electricity	116	116	0
Vehicle Fuel	62	60	(2)
Central Repairs - Outside Contractors	57	66	9
Waste PPP/Landfill Tax	502	502	0
NPDO/HUB Schools	1,024	1,034	10
Community Pool Subsidies	60	65	5
Residential Schools	91	91	0

Pre-Primary Partner Providers	86	181	95
ICT	123	123	0
Catering Purchases and Milk	309	309	0
Insurance	0	146	146
Bitumen – Roads	0	158	158
Contingency for unidentified/insufficient inflation estimate	250	250	0
Total	3,857	4,291	434

- 4.4.6 The inflation for years 2024-25 to 2027-28 is noted in the table below and is based on future years estimates of inflation at this point in time. It may be that the inflation could rise to a peak over the next couple of years and then fall again and this would alter the estimates in the table below, however, this is very difficult to predict and the estimates will be kept under review.

	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Unavoidable/Inescapable	7,271	10,476	13,926	17,641
Total Non-Pay Inflation	7,271	10,476	13,926	17,641

4.5 Cost and Demand Pressures

- 4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services which were reported as part of the budget in February 2022. Since the Policy and Resources Committee on 16 June 2022 the following changes have been made to the cost and demand pressures:

- New - Increased cost of salt for Winter Maintenance
- New - Cease use of red diesel
- New - Insurance payments.

Officers are currently assessing the budget required in respect of the provision for 1140 hours. The Scottish Government reduced the funding for this area of spend in 2022-23 and it is likely that this may create a cost pressure for future years. The level of the cost pressure has not been quantified as yet and will be updated within a future budget outlook.

- 4.5.2 As with inflation, when creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance for this is included within the best case scenario, a £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.
- 4.5.3 The cost pressures are detailed in appendix 3 and are summarised in the table below and will be subject to review during the financial year.

4.5.4

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
Oracle Fusion	35	35	35	35	35
ASN Support	0	75	206	206	206
SEEMiS Membership Fees	9	11	13	16	16
Sustainable rate for partner providers	342	327	327	327	327
Election costs	0	0	0	0	300
HR System	100	(50)	(50)	(50)	(50)
Waste	7	25	78	(91)	(91)
Compliance with BMW Ban	0	400	1,600	1,150	0
Local Development Plan	0	50	0	50	0
House Loans	19	19	19	19	19
Parking	15	15	15	15	15
IT – Increased bandwidth in schools	26	26	26	26	26
Salt for Winter Maintenance	163	163	163	163	163
Cessation of red diesel	78	78	78	78	78
Insurance	414	414	414	414	414
Allowance for pressures in future years	250	500	750	1,000	1,250
Total Cost and Demand Pressures	1,498	2,168	3,794	3,518	2,908

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

4.6 Health and Social Care Partnership

4.6.1 The Council, at the budget meeting on 24 February 2022, agreed a base allocation to the HSCP of £69.005m for 2022-23 as well as indicative flat cash allocations for 2023-24 to 2026-27. On 2 March 2022 the Local Government Finance Circular 1/2022 was published which distributed additional funding of which £4.037m was required to be passed to the HSCP, therefore their allocation increased from £69.005m to £73.042m.

4.6.2 In the budget outlook, I have assumed flat cash allocations across all scenarios. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.

4.6.3 Social Work services have already identified a number of cost and demand pressures and these are summarised below and included within Appendix 4 for information purposes. It is expected that the HSCP absorb their cost and demand pressures from their funding allocation. Note that these only extend to three years rather than the five years within this Council budget outlook.

	2023-24 £000	2024-25 £000	2025-26 £000
Pay Inflation	1,335	2,671	4,033

Pay Increments	103	206	309
Non-Pay Inflation	3,490	6,981	10,680
Care Services for Younger Adults	412	832	1,261
Adult Services - Supported Living	344	686	1,029
Continuing Care for Looked After Children	250	500	750
Kintyre Care Centre	750	750	750
Unknown Cost and Demand Pressures	500	1,000	1,500
Total Cost Increase estimates for Social Work	7,184	13,626	20,312

4.7 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.7.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below. This is the budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Base Budget	271,234	271,250	271,259	271,268	271,277
Employee Cost Changes	3,690	7,441	11,252	15,126	19,063
Non-Pay Inflation	4,291	7,271	10,476	13,926	17,641
Cost and Demand Pressures	1,498	2,168	3,794	3,518	2,908
Total Estimated Expenditure	280,713	288,130	296,781	303,838	310,889
Estimated Funding	270,421	268,558	266,718	264,900	263,105
Estimated Budget Surplus / (Gap) Cumulative	(10,292)	(19,572)	(30,063)	(38,938)	(47,784)

4.8 Measures to Balance the Budget

- 4.8.1 In previous years, a general inflationary increase of 3% has been applied to fees and charges. For the budget outlook a range of between 2% (worst case) and 4% (best case) with a mid-range of 3%. The Council may consider, that in light of the increasing inflation we are experiencing on many cost areas, that it would be appropriate to increase the fees and charges inflation to a higher level.
- 4.8.2 A number of policy options were agreed at the Council meeting on 24 February 2022 that impacted on 2023-24 and beyond. These are now factored into the budget outlook, reducing the budget gap.
- 4.8.3 In terms of Council Tax, a 3% increase has been assumed across all scenarios, this being the increase applied in 2022-23. It will be a matter for Council to decide the level of Council Tax increase.

4.8.4 In respect of Live Argyll, at the budget meeting on 24 February 2022, Council agreed to defer the proposed 3% reduction in the management fee for 2022/23 and noted that this will be applied in 2023-24 and will be subject to any future budget decisions. 3% of the 2022-23 management fee equates to £0.122m and this reduction has been built into the budget outlook from 2023-24 onwards. No further reduction has been built in, this would be a matter for Council to consider.

4.8.5 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Fees and Charges Increase	356	722	1,099	1,488	1,888
Management/Operational Savings February 2021	20	20	20	20	20
Policy Savings February 2021	128	128	128	128	128
Policy Savings agreed February 2022	3	6	6	6	6
Council Tax Increase	1,683	3,450	5,278	7,170	9,127
Reduction to Live Argyll Management Fee	122	122	122	122	122
Total Measures to Balance the Budget	2,312	4,448	6,653	8,934	11,291

4.9 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(10,292)	(19,572)	(30,063)	(38,938)	(47,784)
Savings Measures	2,312	4,448	6,653	8,934	11,291
Estimated Budget Surplus / (Gap) Cumulative	(7,980)	(15,124)	(23,410)	(30,004)	(36,493)
Estimated Budget Surplus / (Gap) In Year	(7,980)	(7,144)	(8,286)	(6,594)	(6,489)

4.9.2 In the mid-range scenario, the budget gap estimated over the five year period 2023-24 to 2027-28 is £36.493m with a gap of £7.980m in 2023-24.

4.9.3 The budget gap in the best case scenario over the five years is £25.060m with a gap of £5.367m in 2023-24 and in the worst case scenario, the budget gap over the five years is £79.798m with a gap of £15.443m in 2023-24. A summary of all three scenarios is included within Appendix 1.

- 4.9.4 The changes from the previous anticipated outlook reported to the Policy and Resources Committee on 16 June 2022 are summarised in the table below:

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Previously reported budget surplus / (gap) Cumulative	(6,891)	(13,385)	(20,940)	(26,710)	(32,275)
Increase to cost pressures	(655)	(655)	(655)	(655)	(655)
Increase to Non Pay Inflation	(434)	(1,084)	(1,815)	(2,639)	(3,563)
Revised Budget Surplus / (Gap) Cumulative	(7,980)	(15,124)	(23,410)	(30,004)	(36,493)

4.10 Budget Working Group

- 4.10.1 As part of the 2021-22 and 2022-23 budgets, a cross party Budget Working Group (BWG) was established comprising of six Members from the administration, three Members from the opposition and two Trade Union representatives. The BWG did not have any decision making authority but could report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose was to engage with officers and provide scrutiny on the identification of savings options as they are developed.
- 4.10.2 Given the significant budget gap over the next five years it was agreed at Policy and Resources Committee on 16 June 2022 that a similar group will be established to support the 2023-24 budget approach and for the group to begin discussions in August 2022 to allow sufficient time to address the financial challenges ahead. Officers are making arrangements for the first meeting to take place in August.

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2023-24 to 2027-28 is £36.493m with a gap of £7.980m in 2023-24. Council officers are continuing to further develop savings options during 2022-23 and these will be presented to members at a future date to help balance the budget in future years.
- 5.2 This is a very challenging budget outlook position and the level of Scottish Government grant and the pay award are the two assumptions that could alter the figures significantly. Both will be kept under close review and the budget outlook updated as and when further information becomes available.
- 5.3 It should be noted that service concession flexibility has now been agreed by the Cabinet Secretary for Finance and the Economy and a draft consultation draft of the statutory guidance was issued on 18 July with responses due back by 12

August. The flexibility, should the Council approve to use, will provide a one-off gain in addition to a recurring saving. Officers will work through the draft guidance and after approval of the guidance be able to report what this may mean for Argyll and Bute Council.

- 5.4 A cross party budget working group will be established to provide scrutiny on the identification of savings options with early engagement with services users and stakeholders to help inform and develop savings options within the financial envelope.

6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
- 6.3 Legal - None directly from this report but Council will need to balance the budget.
- 6.4 HR - None directly from this report but there is a strong link between HR and budgets.
- 6.5 Fairer Scotland Duty - See below
- 6.5.1 Equalities None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.
- 6.5.2 Socio Economic Duty None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.
- 6.5.3 Islands Duty None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.
- 6.6 Climate Change The Council is committed to addressing climate change and reviews how Services are delivering this on an ongoing basis within the available budget resources.
- 6.7 Risk - None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
- 6.8 Customer Service - None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

Kirsty Flanagan
Executive Director/Section 95 Officer
20 July 2022

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

APPENDICES:

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

Appendix 2 – Non Pay Inflation

Appendix 3 – Cost and Demand Pressures (Council Services)

Appendix 4 – Cost and Demand Pressures (Social Work)

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

	Best Case Scenario					Mid-Range Scenario					Worst Case Scenario				
	2023-24	2024-25	2025-26	2026-27	2027-28	2023-24	2024-25	2025-26	2026-27	2027-28	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127
Base Budget Adjustments	2,107	2,123	2,132	2,141	2,150	2,107	2,123	2,132	2,141	2,150	2,107	2,123	2,132	2,141	2,150
Revised Base Budget	271,234	271,250	271,259	271,268	271,277	271,234	271,250	271,259	271,268	271,277	271,234	271,250	271,259	271,268	271,277
Pay Award	2,978	6,016	9,114	12,274	15,497	2,978	6,016	9,114	12,274	15,497	7,445	15,262	23,470	32,089	41,138
Pay Increments	345	690	1,035	1,380	1,725	690	1,380	2,070	2,760	3,450	690	1,380	2,070	2,760	3,450
Additional Teacher Costs	(23)	23	23	24	24	22	45	68	92	116	(23)	23	23	24	24
Total Employee Cost Changes (Council Services)	3,300	6,729	10,172	13,678	17,246	3,690	7,441	11,252	15,126	19,063	8,112	16,665	25,563	34,873	44,612
Non-Pay Inflation - Council Services	3,867	6,639	9,610	12,794	16,207	4,291	7,271	10,476	13,926	17,641	6,316	11,103	16,147	21,470	27,097
Housing Benefits Admin Grant	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Oracle Fusion running costs	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
ASN Support	0	0	198	198	198	0	75	206	206	206	0	145	444	444	444
SEEMIS Membership Fees	9	11	13	16	16	9	11	13	16	16	9	11	13	16	16
Sustainable Rate for Partner Providers	342	327	327	327	327	342	327	327	327	327	342	327	327	327	327
Election Costs	0	0	0	0	250	0	0	0	0	300	0	0	0	0	350
Software support for a new HR system & Backfill for project team.	50	(50)	(50)	(50)	(50)	100	(50)	(50)	(50)	(50)	150	(50)	(50)	(50)	(50)
Waste	7	25	78	(91)	(91)	7	25	78	(91)	(91)	7	25	78	(91)	(91)
Compliance with BMW Ban	0	200	800	800	0	0	400	1,600	1,150	0	0	875	3,500	1,500	0
Planning (Local Development Plan)	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
House Loans	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Parking	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
IT - increased bandwidth in schools	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Increase in cost of Salt for Winter Maintenance	147	147	147	147	147	163	163	163	163	163	179	179	179	179	179
Cessation of Red Diesel usage	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Rightsize Council insurance budgets	414	414	414	414	414	414	414	414	414	414	414	414	414	414	414
Allowance for Cost and Demand Pressures Future Years	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
Total Cost and Demand Pressures	1,182	1,377	2,220	2,144	1,584	1,498	2,168	3,794	3,518	2,908	1,814	3,229	6,698	5,122	4,462
Total Estimated Expenditure PRIOR to measures to balance the budget	279,583	285,995	293,261	299,884	306,314	280,713	288,130	296,781	303,838	310,889	287,476	302,247	319,667	332,733	347,448
Scottish Government Grant	214,895	213,821	212,752	211,688	210,629	213,817	211,679	209,562	207,466	205,391	212,736	209,545	206,402	203,305	200,256
Specific Funding for Additional Teachers	515	512	509	506	503	513	508	503	498	493	510	502	494	487	480
Council Tax	56,367	56,790	57,216	57,645	58,077	56,091	56,371	56,653	56,936	57,221	55,815	55,955	56,095	56,235	56,376
Total Funding	271,777	271,123	270,477	269,839	269,209	270,421	268,558	266,718	264,900	263,105	269,061	266,002	262,991	260,027	257,112
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(7,806)	(14,872)	(22,784)	(30,045)	(37,105)	(10,292)	(19,572)	(30,063)	(38,938)	(47,784)	(18,415)	(36,245)	(56,676)	(72,706)	(90,336)
Measures to Balance the Budget:															
Fees and Charges	475	963	1,465	1,984	2,517	356	722	1,099	1,488	1,888	237	481	733	992	1,259
Live Argyll - 3% decrease to management fee	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122
Management/Operational Savings agreed February 2021	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Policy savings agreed February 2021	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
Policy savings reported Agreed February 2022	3	6	6	6	6	3	6	6	6	6	3	6	6	6	6
Council Tax Increase	1,691	3,445	5,265	7,152	9,109	1,683	3,425	5,227	7,092	9,021	1,674	3,403	5,188	7,031	8,933
Council Tax Increase (Growth element)	0	34	69	105	143	0	25	51	78	106	0	17	34	52	70
Total Measures to Balance the Budget	2,439	4,718	7,075	9,517	12,045	2,312	4,448	6,653	8,934	11,291	2,184	4,177	6,231	8,351	10,538
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	(5,367)	(10,154)	(15,709)	(20,528)	(25,060)	(7,980)	(15,124)	(23,410)	(30,004)	(36,493)	(16,231)	(32,068)	(50,445)	(64,355)	(79,798)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	(5,367)	(4,787)	(5,554)	(4,819)	(4,532)	(7,980)	(7,144)	(8,286)	(6,594)	(6,489)	(16,231)	(15,837)	(18,378)	(13,910)	(15,443)

NON-PAY INFLATION (COUNCIL)

Appendix 2

Service	Category	Basis of Inflation	Inflation Percentage	Mid Range 2023/24
Council Wide	Electricity	Due to current market condition for electricity 20% increase mid range, with a 0.5% tolerance for best and worst case.	20.00%	481,154
Council Wide	Gas	Due to current market condition for gas 75% increase mid range, with a 0.5% tolerance for best and worst case.	75.00%	371,037
Council Wide	Heating Oils	Due to current market condition for heating oils 100% increase mid range, with a 0.5% tolerance for best and worst case.	100.00%	266,842
Council Wide	Solid Fuel	Based on estimates provided by facility services with a 0.5% tolerance for best and worst case.	8.00%	18,430
Council Wide	Water Charges	Current rate of inflation with a 0.5% tolerance for best and worst case.	9.10%	53,241
Council Wide	Vehicle Fuel	Historic rate carried forward from last year - will be reviewed during 2022-23	4.97%	60,377
Council Wide	Central Repairs - Outside Contractors	Based on labour and materials costs survey data from the Royal Institute of Chartered Surveyors (RICS) and information from the property team on the typical allocation of their costs between labour and materials.	3.40%	66,006
Council Wide	Contingency for unidentified/insufficient inflation estimate	£250k built in to mid-range and £500k built in to worst case scenario		250,000
Council Wide	Insurances	Current rate of inflation with a 0.5% tolerance for best and worst case.	9.10%	146,114
Council Wide Total				1,713,201
Education	Pre-Primary Partner Provider Uplift	Brought into line with the estimate within Social Work for the impact of the Real Living Wage on service costs.	5.00%	180,699
Education	External School Placements	Based on prior year uplifts	8.00%	90,590
Commercial Services	Catering Purchases	Figure used by facility services based on national estimates for year 1 with a 0.5% tolerance for best and worst case.	15.00%	308,543
Legal & Regulatory Support	Leisure SLA-MAKI/Islay Pools	Based on RPI at February 2022 with a 0.5% tolerance in the best and worst case scenarios.	8.18%	13,757
Legal & Regulatory Support	Leisure SLA-Atlantis	Based on RPI at May 2022 with a 0.5% tolerance in the best and worst case scenarios.	9.24%	51,161
Legal & Regulatory Support	NPDO-Variable Element	Based on year on year RPI uplift with a 0.5% tolerance for best and worst case.	8.18%	599,843
Legal & Regulatory Support	NPDO-Utilities Rebate	RPI at February 2022 with a 0.5% tolerance for best and worst case.	8.20%	-23,945
Legal & Regulatory Support	NPDO-Electricity	Due to current market condition for electricity 20% increase mid range, with a 0.5% tolerance for best and worst case.	20.00%	89,930
Legal & Regulatory Support	NPDO-Gas	Due to current market condition for gas 75% increase mid range, with a 0.5% tolerance for best and worst case.	75.00%	119,481
Legal & Regulatory Support	NPDO-Heating Oil	Due to current market condition for heating oils 100% increase mid range, with a 0.5% tolerance for best and worst case.	100.00%	68,801
Legal & Regulatory Support	NPDO-LPG	Due to current market condition for gas 75% increase mid range, with a 0.5% tolerance for best and worst case.	75.00%	53,900
Legal & Regulatory Support	NPDO-Water	Current rate of inflation with a 0.5% tolerance for best and worst case.	9.10%	31,906
Legal & Regulatory Support	HUB-Variable Element	Based on year on year RPI uplift with a 0.5% tolerance for best and worst case.	8.18%	93,883
Executive Director Douglas Hendry - Total				1,678,549
Customer and Support Services	ICT	Historic rate carried forward from last year - will be reviewed during 2022-23	15.00%	123,000
Roads and Infrastructure	Waste PPP-Private Contractor Inflation	Based on RPIX at February 2022 with a 0.5% tolerance for best and worst case.	7.09%	465,049
Roads and Infrastructure	Waste PPP-Central Government Inflation	Based on Landfill Tax increase between 21/22 and 22/23 with a 0.5% tolerance for best and worst case.	1.96%	36,765
Roads and Infrastructure	Roads - Bitumen for Road Surfacing	Based on price increases in 2022/23 with a 0.5% tolerance for best and worst case.	40.00%	158,512
Roads and Infrastructure	Electricity - Street Lighting	Due to current market condition for electricity 20% increase mid range, with a 0.5% tolerance for best and worst case.	20.00%	116,305
Executive Director Kirsty Flanagan - Total				899,631
Total Non-Pay Inflation in the Mid Range				4,291,381

COUNCIL COST AND DEMAND PRESSURES 2023-24 to 2027-28

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2021 and will not be completed until 2024. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. The Council's caseload has reduced marginally since implementation of Universal Credit but it is hard to predict just how quickly the rest of the working age caseload will migrate from Housing Benefit to Universal Credit between now and 2024. These figures represent our best estimates at this time.	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Chief Executive's Unit	Financial Services	Implementation of new financial ledger system - Oracle Fusion Project	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Executive Director - Douglas Hendry	Education	The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. It is anticipated that growth continues over the next 5 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.	0	0	198	198	198	0	75	206	206	206	0	145	444	444	444
Executive Director - Douglas Hendry	Education	The SEEMIS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2021/22 to 2025/26. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2023/24. Indicative membership fees were provided for financial years 2021/22 to 2022/23 and these have been factored in accordingly.	9	11	13	16	16	9	11	13	16	16	9	11	13	16	16
Executive Director - Douglas Hendry	Education	The Council has had a requirement to deliver 1140 hours of Early Learning and Childcare from August 2021. The Council has been notified that the ring fenced funding will be reduced by £1.124m from 2022-23. Also, as part of the 1140 expansion programme, the Scottish Government 'Funding Follows the Child' guidance, requires local authorities to set a rate locally that is paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement that allows them to deliver a high quality ELC experience for all children. This rate should be sustainable and reflect national policy priorities, including funding to enable payment of the real Living Wage to all childcare workers delivering the funded entitlement and have a margin for re-investment built in. The service has worked hard to mitigate the effects of this and has reduced expenditure as far as possible. However there remains a funding gap, the service are able to cover the over spend for 2022-23 from carry forwards so the cost pressure is requested from 2023-24 onwards. The service will continually review their plans looking for efficiencies where possible.	342	327	327	327	327	342	327	327	327	327	342	327	327	327	327
Executive Director - Douglas Hendry	Legal and Regulatory Services	Estimated cost (to be borne by the Council) of carrying out local Government elections in May 2027 (and in financial year 2027/28). Operating approx. 100 polling stations and carrying out poll and count for 11 Multi member wards – requiring 11 separate counts	0	0	0	0	250	0	0	0	0	300	0	0	0	0	350
Executive Director - Kirsty Flanagan	HR	Costs for a project team for a new HR system & Backfill. This is a total new system build.	50	-50	-50	-50	-50	100	-50	-50	-50	-50	150	-50	-50	-50	-50

COUNCIL COST AND DEMAND PRESSURES 2023-24 to 2027-28

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000
Executive Director - Kirsty Flanagan	Waste	Additional costs derived from the current waste model. Note that the treatment of waste going forward has not been fully costed due to uncertainty as to how the council will deal with the Bio Municipal Waste ban and the Deposit Return Scheme. Pressure has increased due to an updated waste model.	7	25	78	(91)	(91)	7	25	78	(91)	(91)	7	25	78	(91)	(91)
Executive Director - Kirsty Flanagan	Waste	Achieving compliance with ban on biodegradable municipal waste in 2025. This is the estimated revenue costs from potential scenarios, remaining in or coming out of the current waste PPP contract. Coming out of the Waste PPP contract would create an additional one-off cost. There are also capital cost implications that are not included within these estimates. Due to the complexity of the model, estimates are subject to change.	0	200	800	800	0	0	400	1,600	1,150	0	0	875	3,500	1,500	0
Executive Director - Kirsty Flanagan	Planning	Local development plan will require to be done under the new Planning legislation which is a revised process from the current one and will have a 10 year life. The new process has 2 stages where there is likely to be a cost pressure - a gate check followed by an examination some time later.	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
Executive Director - Kirsty Flanagan	Housing	Rightsize budget for House Loans which is a historic budget which has simply been rolled forward year on year	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Executive Director - Kirsty Flanagan	Parking	Loss in income at Glen Loin Car park, Arrochar due to end of lease and responsibility for car park returning to owners, Luss Estates	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Executive Director - Kirsty Flanagan	IT	Increased bandwidth for schools to allow digital transformation to support the move to online learning	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Executive Director - Kirsty Flanagan	Roads	Increased cost of Salt for Winter Maintenance, average useage of 15,000 tonnes of salt over the winter period would equate to £163k of additional costs.	147	147	147	147	147	163	163	163	163	163	179	179	179	179	179
Executive Director - Kirsty Flanagan	Roads	Change at 1 April 2022 to stop the use of Red Diesel in certain vehicles has resulted in an unavoidable increas in fuel costs in Roads and Infrastructure.	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Council Wide	Council Wide	Rightsize budget for Council insurances which is a historic budget that requires to be increased in line with the current insurance costs.	414	414	414	414	414	414	414	414	414	414	414	414	414	414	414
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
TOTAL			1,182	1,377	2,220	2,144	1,584	1,498	2,168	3,794	3,518	2,908	1,814	3,229	6,698	5,122	4,462

SOCIAL WORK COST AND DEMAND PRESSURES - 2023-24 to 2025-26

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000
All Social Work	Estimated Pay inflation reflecting a best case of 1%, mid range of 2% and worst case of 3%.	668	1,336	2,011	1,335	2,671	4,033	1,342	2,685	4,068
All Social Work	Estimated Pay increments, best case is that 50% of the incremental changes based on 2022/23 are absorbed and in the mid-range and worst case, the increase is in line with the increase in 2022/23.	52	103	155	103	206	309	103	206	309
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	3,014	5,982	9,110	3,385	6,764	10,346	3,756	7,524	11,541
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	96	196	302	105	217	334	105	217	334
Adult Care	Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	170	342	516	341	689	1,044	511	1,038	1,582
Adult Care	Younger Adults Demand Growth - Physical Disability: There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	35	71	107	71	143	217	106	215	328
Adult Services	Learning Disability Budget Adjustment - The Learning Disability Supported Living budget is carrying a recurring unbudgeted commitment of circa £743k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care.	248	495	743	248	495	743	248	495	743
Adult Services	Physical Disability Budget Adjustment - The Physical Disability budget is carrying a recurring unbudgeted commitment of circa £89k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care.	30	60	89	30	60	89	30	60	89

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000
Adult Services	Mental Health Budget Adjustment - The Mental Health budget is carrying a recurring unbudgeted commitment of circa £197k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care and any additional funding provided to address mental health issues as a consequence of the COVID pandemic.	66	131	197	66	131	197	66	131	197
Children and Families	Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario is that the expected additional demand can be funded from within existing resources as a result of planned improvements to the service delivery model (eg shift away from high cost external residential care to local foster and kinship care), the mid case reflects £250k per annum and the worst case reflects £500k per annum.	0	0	0	250	500	750	500	1,000	1,500
All Social Work	Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum.	250	500	750	500	1,000	1,500	750	1,500	2,250
Adult Services	Kintyre Care Centre - Potential cost pressure as a result of potential transfer of KCC facility to HSCP Management.	750	750	750	750	750	750	900	900	900
TOTAL COST AND DEMAND PRESSURES		5,378	9,966	14,730	7,184	13,626	20,312	8,417	15,971	23,841

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

CUSTOMER SUPPORT SERVICES

11 AUGUST 2022

SERVICE ANNUAL PERFORMANCE REVIEWS 2021/22 –

FINANCIAL SERVICES

COMMUNITY PLANNING & DEVELOPMENT

LEGAL & REGULATORY SERVICES

COMMERCIAL SERVICES

CUSTOMER SUPPORT SERVICES

1.0 EXECUTIVE SUMMARY

- 1.1 The Council's Performance and Improvement Framework (PIF) sets out the presentation process for regular performance reporting.

This paper presents the Policy and Resources Committee (P&R) with the Service Annual Performance Reviews and Scorecard 2021/22 for the above Services.

- 1.2 It is recommended that the P&R reviews and approves the Service Annual Performance Reviews (Service APRs) and Scorecards 2021/22 as presented prior to publishing on the Council Website.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

CUSTOMER SUPPORT SERVICES

11 AUGUST 2022

SERVICE ANNUAL PERFORMANCE REVIEWS 2021/22–

FINANCIAL SERVICES

COMMUNITY PLANNING & DEVELOPMENT

LEGAL & REGULATORY SERVICES

COMMERCIAL SERVICES

CUSTOMER SUPPORT SERVICES

2.0 INTRODUCTION

2.1 The Council's Performance and Improvement Framework (PIF) sets out the presentation process for regular performance reporting.

This paper presents the Policy and Resources Committee (P&R) with the Service Annual Performance Reviews 2021/22 and Scorecards for the above Services.

3.0 RECOMMENDATIONS

3.1 It is recommended that the P&R Committee reviews and approves the Service Annual Performance Reviews (Service APRs) and Scorecards 2021/22 as presented prior to publishing on the Council Website.

4.0 DETAIL

4.1 At the end of the financial year each Service presents a review that illustrates the positive contribution to our communities, the significant challenges and any consultations that the Service has carried out.

4.2 Case Studies contained within the review have been identified by Senior Officers and provide a broad range of imaginative and exceptional examples of service delivery throughout Argyll and Bute.

4.3 Each Service APR is supported by the Services' year-end Scorecard and as expected due to the nature of service delivery the Service APRs differ in style and content.

4.4 Following approval of the Service APRs a selection of outstanding and informative examples will be collated for inclusion in the Council Annual Report 2021/22 in due course.

4.5 The Service Annual Performance Reviews and Scorecards 2021/22 are presented in the following order:-

- Chief Executive's Unit
 - Financial Services
 - Community Planning and Development
- Legal and Regulatory Support
- Commercial Services
- Customer Support Services

5.0 IMPLICATIONS

5.1 Policy None

5.2 Financial None

5.3 Legal The Council has a duty to deliver best value under the Local Government in Scotland Act 2003. Publication forms part of our statutory Public Performance Reporting duty

5.4 HR None

5.5 Fairer Scotland Duty:

5.5.1 Equalities - protected characteristics None

5.5.2 Socio-economic Duty None

5.5.3 Islands None

5.6. Climate Change None

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

5.8 Customer Service None

Kirsty Flanagan, Executive Director with responsibility for

Customer Support Services

13 July 2022

Policy Leads: Councillors Gary Mulvaney

For further information contact:

Jane Fowler, Head of Customer Support Services 01546 604466

Appendix 1

Service Annual Performance Reviews and Scorecards 2021/22

This page is intentionally left blank

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: FINANCIAL SERVICES	PERIOD: FINANCIAL YEAR 2021/22
1. DELIVERING OUR OUTCOMES	
<p>Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.</p>	
<p>Corporate Outcome - People Live Active Healthier And Independent Lives Business Outcome BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices</p> <ul style="list-style-type: none">a) £521,815 in Scottish Welfare Fund grants were paid to support vulnerable people.b) The average processing time for New Housing Benefit claims was 25.19 days and 4.41 days for changes in circumstances against targets of 21 days and 6 days respectively.c) £906,187 of Discretionary Housing Payments was distributed to households in need.d) We have paid out £269,950 in grants to cover food and fuel for people in poverty and successfully referred them for support to advice agencies. As at the year-end 1,007 families have been supported to maximise benefit income and reduced fuel costs to the value of £1.324m.e) Our Social Work Team successfully delivered two rates changes during the year in line with Scottish Government Policy to increase the basic pay of carers and personal assistants who look after adults in our communities.	
<p>Corporate Outcome - Our Economy Is Diverse And Thriving Business Outcome BO110: We Support Businesses, Employment and Development Opportunities</p> <p>Success Measure: FIS110_01-Increase the total value of Non-Domestic Rates (NDR) relief awarded</p> <ul style="list-style-type: none">a) We worked alongside other Council colleagues to support the payment of £2.7 million to support local businesses, protect the local economy and jobs, prevent business closure and promote economic recovery as lockdown restrictions eased and businesses started to re-open.b) We awarded nearly £24.5 million of Non-Domestic Rates reliefs to support local businesses.	

SERVICE ANNUAL PERFORMANCE REVIEW

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

- a) We have implemented a new Counter Fraud Team on a two-year pilot basis to enhance the Council's zero tolerance to fraud and protect the public purse. During 2021-22 the team rebilled £659k as a direct consequence of their work and have recovered £572k of that total to date.
- b) We collected 96.28% of Council Tax exceeding the target of 96.00%.
- c) The External Audit of the 2020/21 Annual Accounts was completed by the statutory deadline and an unqualified Audit Certificate received.
- d) Positive External Audit Annual Audit Report received and reported to Policy and Resources Committee in December 2021.
- e) Financial monitoring packs were submitted to each Policy & Resources Committee.
- f) The average investment rate for 2021-22 was 0.418% compared to the average 7-day LIBID (London Interbank Bid Rate) rate of -0.74%. The investments generated £0.485m of interest in 2021-22.
- g) The Creditors Team processed 96.6% of invoices due within 30 days, exceeding the target of 95.5%.
- h) The Payroll Team processed the 2021/22 Teacher's pay rise within 1 month of being notified of the pay settlement, one of the few Councils to do so by April 2022.
- i) The 2021/22 internal audit plan was fully completed and reported by the target date of the June Audit and Scrutiny Committee.
- j) The service closely monitored the financial impact of Covid on the Council throughout the year, regularly updating assumptions and projections, to ensure that the Convention of Scottish Local Authorities (COSLA) returns were robust, and the Council would receive the appropriate levels of Covid specific Scottish Government funding.

SERVICE ANNUAL PERFORMANCE REVIEW

2. SIGNIFICANT CHALLENGES

The significant challenges faced by the Service during 2021/22. These challenges either created specific pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - People Live Active Healthier And Independent Lives

Business Outcome BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices

- a) Due to financial impact of Covid on social care providers the Income Max team were under increased pressure to get contracts and payments to providers for delivering care home services. The Social Work Finance Team continued to deliver a financial sustainability scheme on behalf of the Scottish Government to provide financial support to local care providers to help them deal with the cost pressures placed upon them by the pandemic which is an ongoing piece of work.
- b) The 300% weekly increase in the volume of Self Isolation Support Grants (SISG) received from December 2021 through to April 2022 due to Omicron caused a significant challenge for the service. Benefit Assessor staff had to be redeployed to help with the administration of SISG and this introduced delays in processing Housing Benefit. The service therefore failed to process new claims for Housing Benefit in 21 days. We were unable to recruit additional Benefit Assessors locally to assist the service.

Corporate Outcome - Our Economy Is Diverse And Thriving

Business Outcome BO110: We support businesses, employment and development opportunities

- a) Significant resource requirement to administer a range of Covid related Business Support Grants which required redeployment of staff in Revenues and Benefits and Internal Audit and created increased pressure on Creditors and Treasury Management officers to manage the volume of payments and movement in funds.

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

- a) The service has continued to deliver business as usual whilst undertaking additional work to manage and report on the wide range of additional Covid funding provided by the Scottish Government to our front-line services.

SERVICE ANNUAL PERFORMANCE REVIEW

- b) During the year, the service started a project to implement a new financial management system to replace Oracle system which had been in place for several years and was reaching the end of its supported life. This is a substantial project which has been undertaken at pace to ensure that the new Oracle Fusion system is in place before the existing system must be decommissioned at the end of July 2022.
- c) The service has been actively involved with ICT in exploring the benefits which could arise from the analysis of the data which the Council holds to help identify vulnerable people who could benefit from support from the Council and/or our partners. We are also exploring how the data could be used to support evidence-based decision making and service provision.
- d) The Revenues and Benefits Teams administered the Argyll and Bute Flexible Food Fund with partners Bute Advice and Allenergy. During the year, the Fund supported 1,000 to achieve a client gain of £1.325m and were highly commended by the Institute of Revenues Rating and Valuation at their annual performance awards in the category Excellence and Innovation (Service Delivery).
- e) The Revenues and Benefits Team worked in partnership with the Social Work Finance Team and colleagues in Adult Social Care to implement an improved process to support people entering care homes and their families through the assessment of their entitlement to funding towards their care home placement.

3. CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....

The following are all the consultations and resulting actions that the Service has carried out during this period.

- a) We asked what could be done to reduce the numbers of people relying on foodbanks for support during the pandemic. Foodbank providers advised us through the Argyll and Bute Community Food Forum that more welfare rights and fuel poverty related support and advice for people with food insecurity attending the foodbanks would be beneficial.
- b) We continued to deliver the Argyll and Bute Flexible Food Fund which incentivises people in hardship to get this professional advice by making two monthly payments to families, the first one before the referral is made for professional support and the second one after the support has been delivered. This maximised engagement and helped find significantly more benefits for families in hardship.
- c) In response to increasing energy costs, we have built on the success of the Flexible Food Fund to introduce an additional support called Heat Your Home, Manage Rising Costs to work in partnership with advice agencies in the area to provide a joined-up support service for families living in fuel poverty.

SERVICE ANNUAL PERFORMANCE REVIEW

- d) We are engaging with the Scottish Government across several work streams aimed at supporting the sustainability of social care and reducing social care charges for service users. These are related to the proposed introduction of the National Care Service and a review focussed on a proposal to remove charging for non-residential care, both of which came out of the Review of Adult Social Care.

FINANCIAL SERVICES – ANNUAL SCORECARD 2021/22_FINAL

Financial Services Scorecard 2019-22

Scorecard owned by:

FY 21/22

Click here for all Business Outcomes and Success Measures

Accounting and Budgeting Team Scorecard

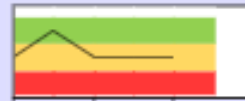
Revenue and Benefits Team Scorecard

Internal Audit Team Scorecard

Click here for Chief Executive's Unit Scorecard

BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices[FIS]

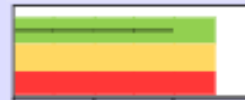
Success Measures



FY 17/18 FY 19/20 FY 21/22 FY 23/21

BO110: We Support Businesses, Employment And Development Opportunities [FIS]

Success Measures



FY 17/18 FY 19/20 FY 21/22 FY 23/21

BO115: We Are Efficient And Cost Effective [FIS]

Success Measures



FY 17/18 FY 19/20 FY 21/22 FY 23/21

Management Information

RESOURCES

People	Actual	Trend		
Sickness absence FIS	8.2 Days	↓		
	Target	Actual	Status	Trend
PRDs FIS	90 %	6 %	R	↑
Financial	Budget	Forecast	Status	Trend
Finance Revenue totals FIS	EK 7,391	EK 7,391	G	↓

IMPROVEMENT

	Status	Trend	Status	Trend
FIS Service Improvements 2017-22	Total No	Off track	On track	Complete
Actions	2	2	2	0
				A
Financial Services Audit Recommendations	Overdue	Due in future	Future - off target	
	0	0	1	↓
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete
Service H&S Plan Actions	0	0	0	0
H&S Investigation Actions	0	0	0	0
Customer Service FIS				
Stage 1 Complaints	100 %	G	↑	
Stage 2 Complaints	100 %	G	↑	

Financial Services Scorecard 2019-22

Scorecard owned by:

FY 21/22

Click here
for Full
Scorecard

BO110: We Support Businesses, Employment And Development Opportunities [FIS]

Success Measure **G** →

FIS110_01-Increase the total value of Non-Domestic Rates (NDR) relief awarded	Actual	£ 24,461,586	G
	Target	£ 15,000,000	↓
	Benchmark	£ 24,461,586	

FIS110_02-Maintain the percentage of suppliers that are paid within 30 days.	Actual	96.6 %	G
	Target	95.5 %	↑
	Benchmark	96.6 %	Covid Impact

BO115: We Are Efficient And Cost Effective [FIS]

Success Measure **A** ↓

FIS115_01-The agreed audit plan is delivered	Actual	100 %	G
	Target	100 %	→
	Benchmark	100 %	

FIS115_02-Maintain the high rate of collecting Non-Domestic Rates [NDR]	Actual	96.37 %	R
	Target	97.30 %	↓
	Benchmark		

FIS115_03-Maintain the high rate of collecting Council Tax	Actual	96.28 %	G
	Target	96.00 %	↑
	Benchmark		Covid Impact

BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices[FIS]

Success Measure **A** →

FIS102_01-Maximise distribution of Scottish Welfare Fund.	Actual	120.7 %	G
	Target	95.3 %	↑
	Benchmark	120.7 %	Covid Impact

FIS102_02a-Scottish Welfare Fund claims processes promptly: Crisis Grant applications	Actual	100.0 %	G
	Target	100.0 %	→
	Benchmark	100.0 %	

FIS102_02b-Scottish Welfare Fund claims processes promptly: Community Care Grant applications	Actual	100.0 %	G
	Target	100.0 %	→
	Benchmark	100.0 %	

FIS102_03-Maximise distribution of Discretionary Housing Payment [DHP] fund.	Actual	98.2 %	G
	Target	96.0 %	↓
	Benchmark	98.2 %	Covid Impact

FIS102_04a-All new benefit claims are processed promptly.	Actual	25.19 Days	R
	Target	21.00 Days	↓
	Benchmark	25.19 Days	

FIS102_04b-All benefit changes in circumstances are processed promptly.	Actual	4.41 Days	G
	Target	6.00	↓
	Benchmark	4.41 Days	Covid Impact

FIS102_04c-All benefit changes in circumstances are processed accurately.	Actual	97.6 %	G
	Target	97.6 %	↑
	Benchmark	97.6 %	

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: COMMUNITIES PLANNING AND DEVELOPMENT	PERIOD: FINANCIAL YEAR 2021/22
1. DELIVERING OUR OUTCOMES	
<p>Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.</p>	
<p>Corporate Outcome - Getting it Right Business Outcome: BO116 We Engage and Work with Our Customers, Staff and Partners</p> <p>Success Measure: CPD 116_01 The information provided to our community groups, individuals and partners is easy to understand</p> <p>The Communities and Partnership Team send out regular information bulletins. A 2021/22 survey returned 272 respondents, of which 96% rated the information easy to understand.</p> <p>a) Information for Communities Bulletin: this bulletin developed from needs of community groups in 2020 to access information about Covid and volunteering safely, since then, it has expanded to include consultations, training opportunities, events and signposting to funding opportunities. It is sent fortnightly to over 300 community groups across Argyll and Bute and is well received.</p> <p>b) Funding Alert: The Funding Alert is issued monthly. The funders are organised into categories of funding streams, with details of eligibility criteria with hyperlinks to the funders webpages. Deadlines are helpfully highlighted. Over 1,500 people access funding alert each month either through direct e-mail receipt or via the webpage. We are currently working with our partners to support their engagement with our Funding Alert and funding search function on our webpage, as funding is a significant need arising for our community groups and third sector.</p>	
<p>Corporate Outcome - Getting it Right Business Outcome: BO116 We Engage and Work with Our Customers, Staff and Partners</p> <p>Success Measure: CPD 116_02 All issues raised at Area Community Planning Groups are considered and responded to by the Management Committee</p> <p>a) Issues raised at Area Community Planning Groups are put before the Management Committee as a matter of course. The target and benchmark of 100% of issues raised has been met.</p>	

SERVICE ANNUAL PERFORMANCE REVIEW

This year issues raised were in relation to response to Covid and also to the climate emergency. A Climate Change working group was established, chaired by NatureScot on behalf of the CPP. The Community Planning and Development Team supported the group's membership to develop and produced a webpage with information on climate actions undertaken by partners and community organisations across Argyll and Bute: [Community Planning Partnership - Climate Change \(argyll-bute.gov.uk\)](https://communityplanningpartnership-climatechange.org.uk)

Corporate Outcome - People Will Live in Safer and Stronger communities

Business Outcome: BO104 Our Communities are Supported and Protected

Success Measure: CPD 104_01 Number of capacity building sessions held with community groups

- a) The number of capacity building sessions for 2021/22 was 217, not including a further 65 support sessions undertaken as part of the Supporting Communities Fund support to groups and organisations. There is a slight reduction on previous years due to unforeseen sickness absence impacting Community Development staffing. Capacity sessions, consist of support and advice based on needs arising for groups such as Community Led Action Plans, help to form links with partner organisations, matters arising from Covid response work in communities. Organisations supported included Crossroads Caring for Carers (B&C) Tiree Community Council, Dochas Centre and Kirkmichael Community Development Group.

Corporate Outcome - People Will Live in Safer and Stronger Communities

Business Outcome: BO104 Our Communities are Supported and Protected

Success Measure: CPD104_02-Percentage of groups who say their effectiveness has increased as a result of capacity building the team

a) **100%**

Groups responding to this annual review positively highlighted successful interaction with the Community Development Team. The community groups had a focus in 2021/22 of delivering Covid impact support to their communities and engaged with the Council's Community Development Team for support and advice. Support included regular meetings, access to the Council's wellbeing service through Health Assured to support resiliency of volunteers and funding advice.

Our work to create the right conditions for community groups to be supported, and to empower community groups within their communities and in particular in response to Covid was recognised as an example of Best Practice within Audit Scotland's Community Empowerment: Covid report: [Support for local networking: Garelochhead Station Trust's experience during Covid — Communities Channel Scotland \(communityscot.org.uk\)](https://www.comunityscot.org.uk/support-for-local-networking-garelochhead-station-trusts-experience-during-covid)

SERVICE ANNUAL PERFORMANCE REVIEW

b) Training for Community Organisations

The Community Development Team have sourced and delivered a range of training courses in response to identified needs within communities across Argyll and Bute:

- The Community Development Team worked in partnership with the Third Sector Interface in May 2021 to deliver an 'Introduction to Evaluation' online training course to give community organisations tools and techniques to help explain the difference their work makes which is essential for reporting on and applying for funding.
- In August 2021, the Community Development Team facilitated an online training session run in partnership with the Council's Procurement Service to help community and third sector organisations learn about how to bid for public sector contracts. This interactive session offered hints and tips on the tender process, outlined the regulations and gave details of where to look for Council contracts.
- A face to face 'Equality and Diversity' training course was successfully delivered for Trustees of Garelochhead Station Trust in March 2022. In addition we provided access to online 'Equality and Diversity' training module on the Council's website.
- The Community Development Team delivered training on 'Community Asset Transfer' in partnership with COSS (Community Ownership Support Service) in October 2021 covering the full transfer of ownership, the leasing of licensing and other uses of publicly-owned assets including assets owned by local authorities and public bodies.

Corporate Outcome - People Will Live in Safer and Stronger Communities

Business Outcome: BO104 Our Communities are Supported and Protected

Success Measure: CPD104_03-Percentage of groups whose users say they have an increase in confidence or wellbeing

a) 100%

Responses from groups positively highlighted successful interaction with the Community Development Team. These groups had a focus in 2021/22 of delivering Covid impact support to their communities and engaged with the Council's Community Development Team for support and advice.

b) Case Studies: the positive contribution made to our communities and good service delivery in the form of Case Studies.

Scotland's Census 2022

The Community Development Team has supported staff from National Records for Scotland (NRS) to reach key population groups who have been identified as requiring additional support to complete the Census. This has included those on low incomes, people with disabilities, Gaelic speakers and veterans.

SERVICE ANNUAL PERFORMANCE REVIEW

The team worked in partnership with Live Argyll and Argyll and Bute Third Sector Interface (TSI) to organise and host an Argyll and Bute specific session for community organisations interested in finding out how to support their service users and wider communities. During the final weeks of the extended census data collection period, NRS identified low return rates on Coll and Tiree.

Community Development Officer for OLI, worked with the NRS Community Engagement and Enumerator teams and community leaders on the islands to identify occupied properties and holiday rentals or second homes, and to identify the best ways to reach these groups. Community groups rallied to raise local awareness of the census and ensure the needs of the island populations are represented as fully as possible.

Ongoing engagement with Covid response groups

During 2021/22, the Community Development Team continued to co-ordinate monthly meetings of the Covid Community Response Groups. These meetings brought together groups who supported the emergency response to the Covid pandemic in their communities, and who have been active in recovery. Members swapped experiences (whether of tough times or heartening successes), networked and shared practice, and the Community Development Team were able to provide support and updates, and respond to requests for information from the Council and Community Planning Partnership. For example, the team was able to offer group members' staff or volunteers access to the Council's 'My Healthy Advantage' app, which offers access to counselling and wellbeing services. An evaluation of the group showed that members had found it very valuable, reporting that support from the Community Development Team had increased the effectiveness of their organisations and that they in turn had seen an increase in confidence and wellbeing of their service users.

During the emergence of the Omicron variant, groups reported difficulty in finding accurate information on the dates and locations of vaccination clinics. The team rapidly checked and circulated the up to date data, meaning that group members could help more vulnerable members of the community to attend clinics.

On response to concerns about how to re-start community activities safely, Community Development officers also collated and shared information on free training opportunities on a range of relevant topics.

Our work to create the right conditions for community groups to be supported, and to empower community groups within their communities and in particular in response to Covid was recognised as an example of Best Practice within Audit Scotland's Community Empowerment: Covid report: [Support for local networking: Garelochhead Station Trust's experience during Covid — Communities Channel Scotland \(communityscot.org.uk\)](https://www.comunityscot.org.uk/support-for-local-networking-garelochhead-station-trusts-experience-during-covid)

Micro-Grants to aid Post-Covid Recovery

The Community Planning and Development Team, on behalf of the council, developed and ran a micro-grant fund to meet needs arising post in the summer of 2021. 63 Village Halls and community organisations were awarded up to £500 to aid recovery of their facilities or organisations activities after the Covid pandemic. Applications underwent a robust assessment to confirm eligibility and fit with Covid recovery criteria. Applicants offered an award demonstrated how their project will help communities to recover from the impacts of Covid.

SERVICE ANNUAL PERFORMANCE REVIEW

Support for community engagement with Community Planning Partnership Climate Change group

The Community Development Team supported increased engagement with the CPP's Climate Change working group from community groups and Development Trusts. These participants are helping to shape the group's engagement plans and sharing good practice from community-led climate action across the region. The team also helped identify regional leads for the four Area Community Planning Groups (ACPG) and encouraged community organisations to share their projects and progress at the ACPGs and through the [Climate Change signposting page](#).

2. SIGNIFICANT CHALLENGES

Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.

Corporate Outcome - People Will Live in Safer and Stronger Communities

Business Outcome: BO104 Our Communities are Supported and Protected

Success Measure: CPD 104_01 Number of capacity building sessions held with community groups

- a) There was limited staff resource available due to significant long term absences with 50% of the Community Development Team and the induction of new members of staff within the overall team took time to embed. Support to community organisations has continued during this time, with resources being dedicated to support the Covid response and the delivery of targeted projects including the Micro Grants Fund for village halls and community organisations. Elements of this targeted support have not been reflected within this quantitative measure. The delivery of capacity building support to develop the skills and confidence of communities across Argyll and Bute, continues to be a priority for the team.
- In conjunction with Community Learning and Development Partners, the Community Development Team are undertaking a training needs analysis with community groups. Working in partnership enables the service to meet any fluctuations in staffing due to unforeseen absence and associated impacts on community organisations.

3. CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....

Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.

- a) In 2021, we ran a **Community Gaelic Research Survey** to understand Scottish Gaelic needs and requirements across Argyll and Bute from people with no knowledge of Gaelic as well as for fluent speakers. Under the National Gaelic Plan, there should be more opportunities for communities and networks of Gaelic speakers of all kinds to use Gaelic and increased use of the language in community activities and services and the survey, together with the **Argyll Gaelic Gathering**, held in 2022 supported that aspiration.

SERVICE ANNUAL PERFORMANCE REVIEW

The **Community Gaelic Research Survey** had 1,300 respondents. The responses helped frame the priorities for a programme of work to be led by the Gaelic Development Officer working in partnership with communities and partners. This includes:

- Support for the development of community hubs where Gaelic can be shared
- Need for the provision of information and raising awareness of resources available to help learners

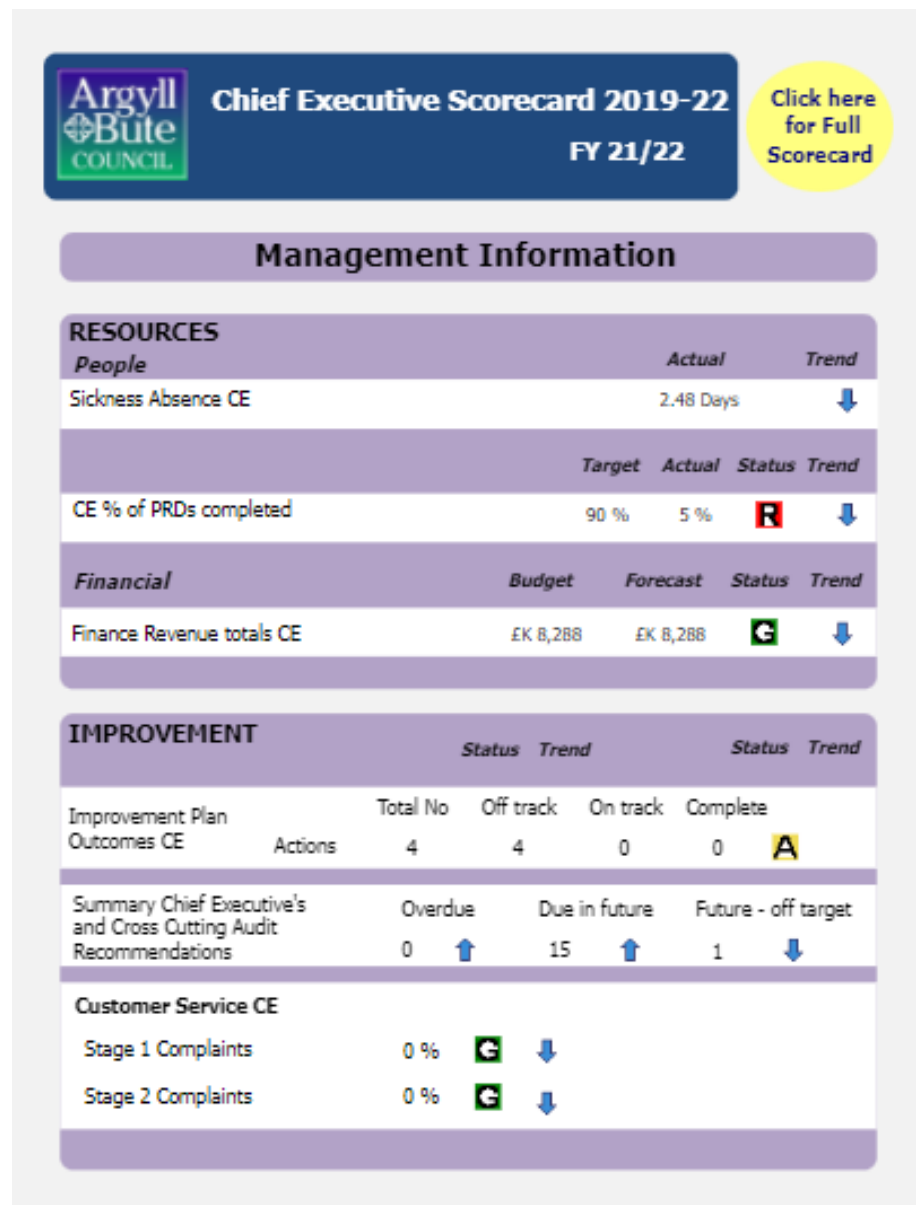
Full details of the survey response can be found on the council 'You said, We Did' page.

b) **The Argyll Gaelic Gathering** consisted of three events and also an art project. Adults and young people across Argyll and Bute and Scotland were involved. The Argyll Gaelic Gathering was supported with funding from **Bòrd na Gàidhlig**. The Gathering is a commitment by Argyll and Bute Council as part of their Gaelic Language Plan and aims to be delivered every two years. The organisation of the Gathering was led by the Council's Gaelic Development Worker (a post jointly funded by the Council and **Bòrd na Gàidhlig**) and was the product of a collaborative working group which included Argyll and Bute Council, **Comunn na Gàidhlig**, **CHARTS**, **Fèisean nan Gàidheal**, **Furan Gaelic Centre**, **Helensburgh Gaelic Group** and **Ionad Chaluum Chille Ìle**.



SERVICE ANNUAL PERFORMANCE REVIEW

- c) **Community Planning and Development Information Survey** - Our team supports community organisations and community planning partners. In doing this we send information through regular e-bulletins (Community Development, Funding, Community Planning, Gaelic) and we provide information on queries about Community Empowerment and Community Development (Assets, Participation Requests). We also provide information on general funding and training opportunities, and on how to take things forward in community and partnership projects such as developing action plans and engaging to develop these. We surveyed the recipients of our various bulletins to ensure that the information we provide is easily understandable we and received 272 responses. 96% of respondents agreed that the information provided by the team is easily understandable.
- d) **The Community Development Team, Live Argyll and Argyll Third Sector Interface** created a training needs survey for community organisations. The survey will help us to understand what training groups need to deliver the best possible support and services to communities across Argyll and Bute. Additional insights on the needs of Gaelic language speakers and of social enterprises were provided by colleagues within the Communities and Partnerships team. The survey is due to go live on the 10th June 2022 and the results will be used to shape our training programme.



Community Planning & Development Scorecard 2019-22

Scorecard owned by: Rona Gold

FY 21/22

[Click here
for Full
Scorecard](#)

BO116: We Engage And Work With Our Customers, Staff And Partners [CPD] Success Measure G ↑

CPD116_01-The information provided to our community groups, individuals and partners is easy to understand	Actual	96 %	G
	Target	90 %	↑
	Benchmark	96 %	

CPD116_02-All issues raised at Area Community Planning Groups are considered and responded to by the Management Committee	Actual	100 %	G
	Target	100 %	→
	Benchmark	100 %	

BO104: Our Communities Are Supported And Protected [CPD] Success Measure A →

CPD104_01-Number of capacity building support sessions held with community groups	Actual	217	R
	Target	360	↓
	Benchmark	217	

CPD104_02-Percentage of groups who say their effectiveness has increased...	Actual	100 %	G
	Target	75 %	→
	Benchmark	100 %	

CPD104_03-Percentage of groups whose users say they have an increase in confidence or wellbeing	Actual	100 %	G
	Target	75 %	→
	Benchmark	100 %	

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: LEGAL & REGULATORY SUPPORT	PERIOD: FINANCIAL YEAR 2021/22
1. DELIVERING OUR OUTCOMES Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.	
Corporate Outcome - People Live Active Healthier And Independent Lives Business Outcome BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices Success Measure: LRS102_01-Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income. a) We worked with service partners to deliver the redesigned advice service to cope with demand from vulnerable and non-vulnerable clients. Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income. We achieved 99.2% of targets despite difficult delivery.	
Corporate Outcome - People Will Live In Safer And Stronger Communities Business Outcome BO104: Our Communities Are Protected And Supported a) 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. b) 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: <ul style="list-style-type: none">• 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.	

SERVICE ANNUAL PERFORMANCE REVIEW

Corporate Outcome - Our Economy Is Diverse And Thriving

Business Outcome BO110: We support businesses, employment and development opportunities

- a) The Procurement, Commercial and Contract Management Team provided a strong lead to ensure we continued the percentage of Council spend that is under a contract or service level agreement while also maintaining the percentage of all Small Medium Enterprises that win council contracts. We also worked to improve the delivery of contract management on all high risk contracts.

We effectively planned and coordinated the release of tenders to avoid overwhelming the market, in particular the local market – by issuing invitations to tender where the regulations allowed. For 2021/22, we awarded 151 contracts and of these 119 were Quick Quotes (ITQ's).

Our procurement processes were simplified and streamlined, ensuring that documentation was as straightforward as possible and engaged with local Economic Development colleagues and other collaborative stakeholders, to support emerging priorities that will support the economic recovery within Argyll and Bute.

The percentage of total bids by and contracts awarded to local and SME suppliers is monitored monthly, however, not all requirements can be fulfilled by the local supply market. To gain a better understanding of performance, the number of tenders bid for and subsequently won by local suppliers is also monitored and detailed below.

2021/22 - Total No. of Tenders	2021/22 - Total receiving local bids	2021/22 - Total won by local bidders	2021/22 % Success Rate
151	51	40	78.4%

The level of local spend was monitored in 2021/22, and the overall percentage with our local suppliers was 29.9%.

The team recognises the strategic importance of maximising the economic benefits from directing Council spend to local businesses in terms of benefiting the local economy. Whilst it would not be acceptable to give preference to local businesses during any particular procurement, efforts are made to ensure that local businesses are upskilled so as to have the greatest chance of being successful in winning Council and other public sector business.

Argyll and Bute Council took part in the Meet the Buyer: Live Virtual Event on 8th June 2021.

SERVICE ANNUAL PERFORMANCE REVIEW

- b) Civic & Liquor Licensing- we put in place arrangements for continuing to deliver the civic and liquor licensing functions including the holding of virtual Board meetings and a system for the fast tracking of occasional applications for the licensing of outdoor areas. The tri-annual review and renewal of Civic licensing fees took place during 2021/22 and revised arrangements were put in place to facilitate this.
- c) As part of the continuing easing of lockdown measures, agreements were put in place to enable businesses to utilise public spaces identified by the Council

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

- a) Delivered 1 local by-election during 2021/22 , a Scottish Parliamentary Election and worked to delivering the Local Government Election in May 2022 all while continuing to meet the electoral performance standards as set by the Electoral Commission. New processes, risk assessments and procedures were devised and implemented to meet Covid-19 responsibilities while delivering a successful outcome.
- b) Increased Elected Member Transactions through paperless processes e.g. improved iPad functionality, arrangements for on-line surgeries and on-line expenses. These arrangements and technological developments facilitated the move to virtual ways of working throughout the year and supported the continued functioning of committees and Elected Member decision making and operating processes throughout the year which placed a heavy reliance on harnessing technology and new ways of working.
- c) Development and Delivery of on-line/ virtual programme of seminars and training events to support Elected Member Development, Elected Member Induction and Election Administration and Delivery.
- d) Supported key Council services to improve process and response times to Elected Members' enquiries through Casebook, the electronic case management system used by Elected Members to record and manage constituent enquiries.
- e) Review of the Charitable Trusts and Bequests and Trust Funds to simplify and update processes where possible and ensure ongoing compliance with charity regulations and the original terms of the bequests. The review took cognisance of the fact that a large number of the charitable funds managed in trust by Area Committees were established many years ago, and as a consequence of changes in society over time the intended beneficiaries of the bequests are no longer easily identified.
- f) Provided a strong Governance presence which allows the Council to continue to meet target response times where possible for Freedom of information requests, subject Access Requests and complaints resolved at Stage 1. All of which have been impacted by Covid and high volumes of requests.

SERVICE ANNUAL PERFORMANCE REVIEW

- g) The review and improvement programme of Pecos, which aids the user experience, increase PECOS usage, improves control arrangement, governance and contracted spend.

Corporate Outcome - Getting it right

Business Outcome BO116: We Engage And Work With Our Customers, Staff And Partners

- a) Continue to lead the Council's Tactical Group and provided a co-ordinated response across Legal & Regulatory Support Teams who lead on Health & Safety and the implementation of Council Wide suite of emergency and resilience plans throughout 2021/22 presence which allows the Council to continue to meet its ongoing obligations.
- b) Extended the Customer Service Excellence Award to include all aspects of the Legal and Regulatory Support service. Accreditation was achieved with a number of additional criteria being upgraded to compliance plus. Achievement of this nationally recognised external accreditation demonstrates our commitment to positive and constructive relationships with customers and partner and how we use this to drive continuous improvement in our services.
- c) The Governance Team extended the provision of governance and committee support to the Integrated Joint Board and the meeting reports and minutes for key strategic committees are all hosted on ModGov. In addition arrangements were put in place to support virtual meetings and undertake recorded sessions which are also posted on ModGov.

2. SIGNIFICANT CHALLENGES

The significant challenges faced by the Service during 2021/22. These challenges either created specific pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - Our Economy Is Diverse And Thriving

Business Outcome BO110: We support businesses, employment and development opportunities

- a) Additional requirement at short notice to administer 3 separate Taxi Support Fund tranches in addition to business as usual. Required new forms, procedures and appeals process with around 250 plus applications dealt with. All processed and paid within the deadline.

SERVICE ANNUAL PERFORMANCE REVIEW

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

- a) Delivered 1 local by-election during 2021/22 and Scottish Parliamentary election while continuing to meet the electoral performance standards as set by the Electoral Commission. New processes and procedures were devised and implemented to meet Covid-19 responsibilities while delivering a successful outcome. This was completed while the Election Team were also putting arrangements in place for the Local Government Election in 5th May 2022. A significant volume of works was undertaken in relation to the planning arrangements.

Business Outcome BO116: We Engage And Work With Our Customers, Staff And Partners

- b) Review and redevelop the Elected Member Induction Programme ahead of the 2022 local government elections. The Elected Member induction programme underwent a review based on feedback arising from the previous local government elections and this provided the basis for the development of a virtual programme to support election of three new Councillors during 2021/22.

3. CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....

The following are all the consultations and resulting actions that the Service has carried out during this period.

- a) A review of Taxi Fares was conducted during 2021/22. In terms of Section 17 of the Civic Government (Scotland) Act 1982, the Local Authority requires to fix maximum fares and other charges in connection with the hire of taxis operating in their area and to review the scales for taxi fares and other charges on a regular basis. The review process commenced in summer 2021 and as a result it was proposed that there would be increases to the existing scales. This was advertised with responses invited within a month. Adverts were placed in local newspapers with a deadline given for any responses. After review of the responses the Head of Legal & Regulatory Supports and the Chair of the Planning, Protective Services and Licensing Committee (PPSL) agreed subsequent increases to the current fares.
- b) Procurement, Commercial and Contract Management Team conduct regular Customer and Supplier Surveys. The feedback from our Customers on previous surveys was very positive in areas such as obtaining advice and assistance, awareness of contracts available and goods or services accurately corresponded to requirements. The feedback from our Suppliers was also positive with an increase in supplier satisfaction in knowing where to find contract opportunities, clearly defined performance measures, attending regular meetings to ensure effective contract delivery and happy with the way the Council engages with their business over the term of the contract.
- c) Procurement, Commercial and Contract Management Team carried out wide consultation on the Council's Procurement Strategy – received wide ranging responses and addressed each one in reporting to Council on refreshed Strategy.

LEGAL AND REGULATORY SUPPORT – ANNUAL SCORECARD 2021/22_FINAL

Legal & Regulatory Support Scorecard 2019-22
 Scorecard owned by: **David Logan** **FY 21/22**

[Click here for all Business Outcomes and Success Measures](#)

[Click here for Ex. Director Douglas Hendry Scorecard](#)

[Governance Team Scorecard](#)

[Procurement & Contract Management Team Scorecard](#)

[Legal Services Team Scorecard](#)

[Compliance & Regulatory Team Scorecard](#)

BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices [LRS]



BO104: Our Communities Are Supported And Protected [LRS]








BO110: We Support Businesses, Employment And Development Opportunities [LRS]










BO115: We Are Efficient And Cost Effective [LRS]



Management Information

RESOURCES				
People	Actual	Trend		
Sickness absence LRS	5.8 Days			
	Target	Actual	Status	Trend
PDRs LRS	90 %	2 %		
Financial				
	Budget	Forecast	Status	Trend
Finance Revenue totals LRS	£K 19,038	£K 19,038		

IMPROVEMENT				
	Status	Trend	Status	Trend
LRS Service Improvements 2017-22	Total No	Off track	On track	Complete
Actions	11	10	0	1
Legal & Regulatory Support Audit Recommendations	Overdue	Due in future	Future - off target	
	0 	3 	0 	
Service H&S Plan Actions	0	4	15	11
H&S Investigation Actions	0	0	0	0
Customer Service LRS				
Stage 1 Complaints	100 %			
Stage 2 Complaints	100 %			

Legal & Regulatory Support Scorecard 2019-22

Scorecard owned by: David Logan

FY 21/22

[Click here
for Full
Scorecard](#)

BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices [LRS]

Success Measure **R** ↓

LRS102_01-Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income.

Actual	£K 2,728,847	R
Target	£K 2,750,000	↓
Benchmark	£K 2,728,847	↓

Covid Impact

BO115: We Are Efficient And Cost Effective [LRS]

Success Measure **R** ↓

LRS115_02-The Percentage of Freedom of Information requests that are responded to within timescales

Actual	93 %	R
Target	95 %	↓
Benchmark	89 %	↓

LRS115_03-The percentage of subject access requests that are responded to within the Data Protection Act timescales.

Actual	70 %	R
Target	100 %	↓
Benchmark	75 %	↓

LRS115_01-The percentage of complaints resolved at stage 1 [within 5 working days].

Actual	61.7 %	R
Target	75.0 %	↓
Benchmark	68.0 %	↓

BO110: We Support Businesses, Employment And Development Opportunities [LRS]

Success Measure **A** ↓

LRS110_01-Maintain the percentage of all Council spend that is either under a contract or a Service Level Agreement

Actual	90.78 %	G
Target	90.00 %	↓
Benchmark	90.78 %	↓

LRS110_02-Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal.

Actual	26.4 %	G
Target	20.0 %	↓
Benchmark	26.4 %	↓

LRS110_03-Maintain the percentage of all Small Medium Enterprises [SMEs] that win council contracts

Actual	86.9 %	G
Target	76.0 %	↑
Benchmark	86.9 %	↑

LRS110_04-Increase the number of community benefits that are delivered through contracts we award locally.

Actual	40	↑
--------	----	---

BO104: Our Communities Are Supported And Protected [LRS]

Success Measure **R** ↓

LRS104_01-Undertake visits to all premises identified as high risk on the Trading standards database

Actual	62.3 %	R
Target	100.0 %	↓
Benchmark	62.3 %	↓

Covid Impact

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: COMMERCIAL SERVICES	PERIOD: FINANCIAL YEAR 2021/22
1. DELIVERING OUR OUTCOMES	
<p>Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.</p>	
<p>Corporate Outcome - Children and Young People have the Best Possible Start Business Outcome 107 The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met</p>	
<p>CATERING AND CLEANING</p> <p>a) The Council continues to offer fresh, healthy and sustainable school lunches, and hold the Soil Association Scotland’s Bronze Food for Life Served Here award. This award is a widely respected and independently assessed scheme, supported by the Scottish Government, which helps local authorities to source food from the local area for school meals so that children benefit from freshly prepared, sustainable meals. It recognises Councils that serve food made from fresh ingredients, free from genetically modified ingredients and undesirable additives, using free-range eggs and high-welfare meat. The catering service serves 4,300 Food for Life accredited meals a day.</p> <p>b) The Catering Department has implemented a new menu compliant with the requirements of the Food and Drink in Schools (Scotland) Regulations 2020. This means our pupils are receiving a nutritious meal, lower in sugar, a decrease in red meat and an increase in fruit and vegetables. There are also changes to the permitted products in secondary schools and a change to how the secondary meals are analysed.</p> <p>c) The Catering department had a surveillance audit for continued accreditation for ISO 9001:2015.</p> <p>d) The Catering and Cleaning Innovations projection was successfully completed, which led to a redesign of the service that will be fit for future purpose and will assist in the services continuing to provide a service for our children and young people.</p> <p>e) In January 2022, P4 and P5 children were included in the provision of Universal Free School Meals. This has been successfully implemented throughout Argyll and Bute.</p> <p>f) Successful implementation of the new allergen legislation resulting in full compliance by the implementation date in all our secondary schools.</p> <p>g) The Beach Café in Oban has opened and is being run by Argyll and Bute Council Catering Department. This has been a hugely successful operation, and has proved popular with visitors and locals, and is used extensively by users of the centre as well as special catering provision.</p>	

SERVICE ANNUAL PERFORMANCE REVIEW

- h) Positive recovery of events as we begin to emerge from the pandemic.
- i) Argyll and Bute Council were awarded the Footprint Foodservice award for the Community Food Project.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113:Our infrastructure is safe and fit for the future

ESTATES

- a) During 2021/22 the Estates Section met its targets for marketing properties identified as 'held for sale' and delivered significant capital receipts disposing of properties to meet the longer term capital targets. This not only generates income to be reinvested in the wider priorities of the Council but also reduces ongoing running costs, maintenance and insurance risk in addition to providing accommodation for new enterprises to develop. A good example of this was the disposal of Blairvadach House and grounds which generated a capital receipt and also transferred a listed building to a developer which reduced the Council's risk exposure and will bring the property back into beneficial use.

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage

In the Reporting Year, 5 projects, from the Council's Capital Plan, were being delivered by the Programme and Project Management Services Team within Commercial Services i.e.

- b) Oban Transit Berthing Facility (OTBF) – Practical Completion Achieved and Facility Operational. Closing out remaining defect, following appointment of specialist marine engineering consultant to review, assess and report on root cause and mitigation.
- c) Rothesay Pavilion Adaptive Restoration (RPN) – Original Contractor entered into Administration. Services of replacement Tier 1 Contractor secured, Robertson Construction Central West, for the delivery of Phase 1 Pre-Construction Activities, and Phase 2 Construction Works to Completion. Due to emerging cost/budget issues, the Phase 2 Construction Works are currently on hold whilst additional capital funding support is sought.
- d) Helensburgh Waterfront Development (HWD) – Main Contract Awarded to Heron Bros Ltd on 14 July 2020 with works commencing on site in August 2020. Section 1 works i.e. the construction of coastal flood defences, car parking and public realm, and new Leisure Building are well advanced, and on programme to be handed over to the Council on 29 July 2022.
- e) Kilmory Business Park – a joint public (Argyll and Bute Council) and private sector (M&K MacLeod Ltd) development to provide the area with a new facility is being progressed, supported by funding contributions from the Scottish Government Regeneration Capital Grant Fund; Argyll and Bute Council; Highlands and Islands Enterprise; and M&K MacLeod Ltd. The Planning application has been submitted and validated, the funding from the

SERVICE ANNUAL PERFORMANCE REVIEW

Scottish Government has been secured, and we are in the process of finalising the various legal agreements (funding, construction, land/property/access rights etc.) to facilitate the delivery of the works later in FY22/23.

- f) Lochgilphead Front Green – providing project management support and mentoring to the Projects and Renewables team within Development and Economic Growth for the delivery of significant public realm improvements in Lochgilphead, with the project programmed to achieve Practical Completion in FQ1 FY22/23.

Success Measure: COM113_04-The Council's Capital Plan is delivered on time.

In the reporting year, 4 projects from the Council's Capital Plan were being delivered by the Programme and Project Management Services Team within Commercial Services

- a) Oban Transit Berthing Facility (OTBF) – Closing out remaining defects:
- b) Oban Maritime Visitor Facility (OMVF) – Project being formally closed out, following on from which some additional works will be implemented.
- c) Rothesay Pavilion Adaptive Restoration (RPN): Main Contractor in Administration, with works 70% Complete. Replacement Contractor to be procured for works required to achieve Practical Completion.
- Original Forecast Completion – FQ2 FY19/20
 - Revised Forecast Completion – TBC subject to positive resolution of funding shortfall
- d) Helensburgh Waterfront Development (HWD) – Main Contract Awarded on 14 July 2020 to Heron Bros Ltd, construction works have commenced on site.
- Original Forecast Completion – FQ4 FY22/23
 - SECTION 1 Practical Completion – 29 July 2022
 - SECTION 2 Practical Completion – FQ4 FY22/23

PROPERTY SERVICES

- a) The Property Maintenance Team's continued partnership approach to term maintenance contracts has resulted in locally based contractors being awarded contracts resulting in significant benefit to the Argyll and Bute economy. In addition, training and employment opportunities are being provided to Argyll and Bute residents through the community benefit requirements of these contracts.
- b) Working in conjunction with colleagues in the Education Service, the Council's Property Design Team substantially delivered projects in Early Years settings to allow the provision of 1140 hours of pre-school education.

SERVICE ANNUAL PERFORMANCE REVIEW

- c) Combinations of the Energy & Building Services Team and the Property Maintenance Team have again successfully delivered the emergency, planned and statutory maintenance programmes associated with the £2Million+ annual/revenue Central Repairs Account. For 2021/22, additional challenges have included the additional costs associated with COVID and earlier processing dates to meet the end of financial year deadlines resulting from the proposed upgrading of Council financial systems.

Business Outcome BO114 Our Communities are Cleaner and Greener

PROPERTY SERVICES

- a) The Energy & Building Services Team utilised the Non-Domestic Energy Efficiency Framework (NDEEF) to invest £1.2m in carbon friendly energy solutions (LED Lighting, Air Source Heat Pumps, Solar PV panels) which will provide the Council with a simple payback on the investment of 10 years. As a result the Council's carbon footprint will reduce by circa 460 Tonnes/annum. Most 'mini-projects' have been delivered with a modest balance scheduled to be implemented at the start of the 22/23 delivery year.
- b) The Energy & Building Services Team accessed £60K grant funding to support internal Fleet colleagues with the installation of Electric Vehicle charging points – 14 no. individual charging points across 5 properties.
- c) The property Maintenance Team continued to take opportunities to improve insulation and replace single glazing with double glazing while carrying out normal building maintenance to our properties.

Corporate Outcome - Getting It Right

Business Outcome BO115 We are Efficient and Cost Effective

PROPERTY SERVICES

- a) Agreement was reached to review the staffing and team structure within Property Services. This had a particular focus on the reorganisation of the Major Projects Team and Property Services given the opportunities for synergies and enhanced programme management whilst refocusing towards contract management, client management and climate change priorities. These structural changes will be implemented/delivered during 2022/23.
- b) The Energy & Building Services Team commenced a large-scale project to review water, waste water and drainage charges for the whole Council. While at an early stage, a Council target to save £25K-£50K per annum was achieved during 2021/22 and further savings opportunities are being explored for delivery in 2022/23.

SERVICE ANNUAL PERFORMANCE REVIEW

Business Outcome BO116: We engage and work with our customers, staff and partners

ESTATES

- a) An innovative project which was completed in 2021/22 was the lease of a derelict site at Lochside Street, Oban. The ground had been vacant for some time and there were title concerns but after extended marketing a lease was agreed for a garden centre with a rooftop bar based on a temporary building structure. This generated a good income, redeveloped a derelict but central site and also generated new employment opportunities.
- b) Marketing a former schoolhouse on Islay during the pandemic was always going to be a challenge. However using a combination of marketing on Rightmove, video tours and staff visiting the island the school house was sold in 2022 with a local family acquiring it which also supports the challenges of housing in our island communities.
- c) Part of the team's role under the One Council approach was to take on more valuation work internally which makes savings for the council and also builds the knowledge and experience of the team. During 2021/22 the team completed the annual update of the asset valuation programme which is regulated by the terms and conditions of engagement with Finance as the client department. Team members were able to attend CIPFA and RICS courses as part of this learning experience and also utilise an online training facility (asset valuation circle) to develop wider knowledge which will benefit the individuals involved.
- d) Working with partners is a key component of an estates management service but it can also be challenging as the Council has a number of interactions with partners and not all are to deliver good news. However over the last 12 months the team have worked well with large landowners such as Argyll Estates and Luss Estates along with developing key relationships with ACHA and Fyne Homes who deliver social housing in the area. This has led to long running issues around car park leases and civic amenity sites being resolved along with progressing development schemes with the housing associations.

SERVICE ANNUAL PERFORMANCE REVIEW

2. SIGNIFICANT CHALLENGES

The significant challenges faced by the Service during 2021/22. These challenges either created specific pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - Children and Young People have the Best Possible Start

Business Outcome 107 The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met

CATERING AND CLEANING

- a) Delivering an enhanced cleaning service has been challenging as prior to the pandemic the cleaning standards in schools and offices was already at the lower end of acceptable. Limited logistics funding has enabled some enhanced cleaning to be delivered in schools however this is not sustainable in the long term without committed funding and permanently increased hours.
- b) The Soil Association have implemented a new inspection portal which has meant the reaccreditation process is extremely challenging.
- c) The service has continued to prepare for the roll out of UFSMs for P6 and P7s, breakfast and holiday provision. This has been challenging due to lack of clarity on budgets, information and resources to continue with the implementation.
- d) In addition to price increases there have been on-going supply issues in the food industry.
- e) Continued recovery of commercial catering and events income. The increase in events is promising but will need continued support and nurturing to continue and increase.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our infrastructure is safe and fit for the future

ESTATES

- a) During the last 12 months the wider economy has suffered and this has in turn put pressure on local and national businesses. It is anticipated that this will remain a challenge for some time and this will have an ongoing impact on the ability of businesses to meet ongoing commitments such as rental payments. In addition the pressure on finances has led to less investment and developers looking to progress with projects which has impacted on capital receipts and the progress of development schemes. There is also pressure on the supply of building materials which is causing construction cost price inflation which may make development schemes unaffordable. Finally there has been a noticeable increase in the workload of the team in

SERVICE ANNUAL PERFORMANCE REVIEW

the last 2 years which can be challenging for a small team to meet and lead to a firefighting approach which increases the risk of incorrect decision making.

- b) The Council's insurers identified in 2021 that a revaluation of the full property portfolio is required. This is a significant task and relies on property data which has been highlighted as being of variable quality across the asset base. It will be a challenge for the team to complete this along with other tasks.
- c) A number of large property projects have been moving forward at the same time and while this is positive from the wider council viewpoint it will be increasingly challenging for a small team to progress this in addition to the day to day workload. Additional external support has been procured but the time taken to complete the procurement and management of the consultants also requires to be factored into the demand on the team.

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage.

Success Measure: COM113_04-The Council's Capital Plan is delivered on time.

- a) Rothesay Pavilion Adaptive Restoration - Following the insolvency of the Main Contractor (CBC) in Mar-20 the Council procured the services of Robertson Construction Central West, through the SCAPE Procure National Construction Framework, to deliver: (1) Pre-Construction Activities i.e. develop a Schedule of Activities and Tendered Price to take the project through to Practical Completion.
- b) In December 2021 the Council was advised that the cost of completing the works would significantly exceed the available and approved budget, by some £12million. At that point the Council took the decision to 'pause' the works at the end of the Pre-Construction Activities, and to lobby for additional capital funding support from external organisations, including the Scottish and United Kingdom Governments.
- c) The Project Team, including the Design Team, Cost Consultants and the Contractor, are developing proposals for interim works, which might be delivered within the remaining available budget, and which would help protect the significant investment already made in the building.
- d) Project Affordability – given the unprecedented impact of recent global events e.g. COVID-19 Pandemic, the UK withdrawal from the EU, and most recently the Russian invasion of Ukraine, national and global economies have been adversely affected, and the cost of construction materials, equipment, plant, and resources has risen significantly. This raises significant issues for the on-going delivery of capital works projects at a time when not only is the Council's capital budget being reduced, but also its ability to finance the cost of borrowing, using revenue funding, is also being reduced.

SERVICE ANNUAL PERFORMANCE REVIEW

PROPERTY SERVICES

- a) Irrespective of whether works/contracts are funded from revenue or capital, we continue to have access to only a limited number of contractors. This creates difficulty in delivery of programmes of work especially where availability of sites is restricted such as school holiday periods. Additionally, our contractors are suffering from the nationwide skills shortage and again this causes difficulty in being able to deliver a service within the desired timescales.
- b) The annual revenue Central Repairs Account continues to be under pressure across all services to conduct essential maintenance. There are however particular 'hotspots' (Depots, HSCP, Airfields) where funding allocations are below that required to limit H&S risks and maintain business continuity.

Business Outcome BO114 Our Communities are Cleaner and Greener

PROPERTY SERVICES

- a) The significant progress that has been made in reducing the Council's property-related carbon footprint has primarily been as a result of dealing with the more straightforward and cost effective solutions. The journey to net-zero requires the delivery of more complicated solutions which are more costly and there is challenge in balancing the need for carbon reduction at a time when budgets/resources are reducing.
- b) Many areas within Argyll and Bute are off gas grid and the electrical grid has limitations in terms of capacity/constraints. These issues continue to impact on the Council (and the wider community) in terms of resilience and delivering renewables solutions, EV charging etc.

Corporate Outcome - Getting it Right

Business Outcome BO115 We are Efficient and Cost Effective

PROPERTY SERVICES

- a) Elements of the Property Team had longer-term staffing shortages during the year. This made service delivery particularly challenging but it is anticipated that this will be resolved during 2022/23.

3. CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....

Please list all consultations and resulting actions that the Service has carried out during this period.

NO CONSULTATIONS TOOK PLACE.

COMMERCIAL SERVICES – ANNUAL SCORECARD 2021/22_FINAL

Commercial Services Scorecard 2019-22

Scorecard owned by: **Ross McLaughlin** FY 21/22

Catering & Cleaning Team Scorecard

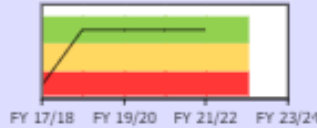
Property Services Team Scorecard

Programme & Project Team Scorecard

Estate Services Team Scorecard

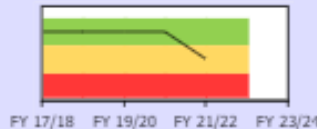
BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met [COM]

Success Measures



BO113: Our Infrastructure Is Safe And Fit For The Future [COM]

Success Measures



[Click here for all Business Outcomes and Success Measures](#)

[Click here for Ex. Director Douglas Hendry Scorecard](#)

Management Information

RESOURCES		Actual	Trend
People			
Sickness absence COM		12.6 Days	
	Target	Actual	Status Trend
PDRs COM	90 %	39 %	
Financial		Budget	Forecast Status Trend
Finance Revenue totals COM	EK 9,128	EK 9,128	

IMPROVEMENT		Status	Trend	Status	Trend
COM Service	Total No	Off track	On track	Complete	
Improvements 2017-22	Actions	3	1	1	1
Commercial Services Audit Recommendations	Overdue	Due in future	Future - off target		
	0	3	1		
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions	0	2	16	14	
H&S Investigation Actions	0	0	0	0	
Customer Service COM					
Stage 1 Complaints	100 %				
Stage 2 Complaints	100 %				

Commercial Services Scorecard 2019-22

Scorecard owned by: **Ross McLaughlin**

FY 21/22

[Click here
for Full
Scorecard](#)

BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met [COM]

Success Measure **C**

COM107_01-Provide quality meals within cost margins to all pupils

Actual	-3.16 %	C
Target	5.00 %	
Benchmark	-3.16 %	

BO113: Our Infrastructure Is Safe And Fit For The Future [COM]

Success Measure **A**

COM113_01-The percentage of operational buildings are suitable for their current use

Actual	
Target	70.0 %
Benchmark	

COM113_02-The percentage of operational buildings are maintained to a satisfactory condition.

Actual	
Target	80.0 %
Benchmark	

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: CUSTOMER SUPPORT SERVICES	PERIOD: FINANCIAL YEAR 2021/22
1. DELIVERING OUR OUTCOMES Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.	
Corporate Outcome - People Live Active, Healthier and Independent Lives Business Outcome BO101 We Ensure Information and Support is Available for Everyone a). Success Measure: CSS101_01-Improve the accuracy rate for registration for our births, deaths and marriages by the council's Registration Service. The National Records of Scotland independently audit all council registration services for accuracy of registration and look back on the previous full year, hence in 21/22 they examined the registrations for 20/21. Our target was to have to have no more than 2.1% error rate, but the actual audited rate was 3.5%. However it must be remembered that the target was set <u>before</u> the Covid pandemic struck. That pandemic resulted in massive operational changes for registrars; including the remote recording of Death Registrations, a torrent of new Covid related registration regulations to absorb and excess death workloads that put the service under tremendous strain; including at times the introduction of 7 day working and post lockdown surges in pent up wedding demand. Hence a total of only 80 errors across 2,315 registration events was regarded by the independent Examiner as an excellent performance. The Registrars speedily adopted both remote digital Death Registration service and virtual Citizenship Ceremonies (Brexit led to a spike in demand for them too). They also adapted the Tell Us Once death notification service for 1,124 customers, put in place a new appointment based face to face service for Birth Registrations, used the Marriage Website , social media and a digital Wedding Diary to inform and accommodate those seeking weddings and civil partnerships. In the most recent customer Satisfaction Survey in FQ3/4 of 2021/22 97% of 127 respondents were Very Satisfied with the registration service provided. In addition many of the Registrars (who also staff our Customer Service Points) were also deployed to undertake the pro-active support calls to those customers required to self-isolate by Covid regulations. Between October 2020 and end of April 2022 6,128 self-isolating customers were contacted and offered domestic or financial support. Of these 2,925 submitted claims for the £500 Self Isolation Support Grant. A number were referred to Community Groups for domestic or transport assistance. In November and December 2021 the Customer Service Points/Registration resource also provided emergency assistance to NHS Highland to help them cope with customer contacts regarding the Vaccine Booster Programme. In a four week period they handled 2,738 enquiries for the Vaccination Hub and helped NHS Highland meet its target of having over 80% of over 18 year olds offered a vaccination by the end of December.	

SERVICE ANNUAL PERFORMANCE REVIEW

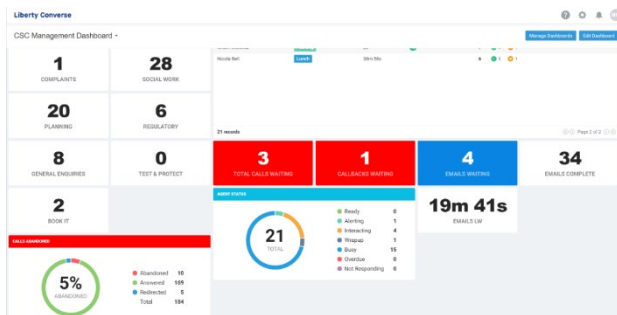
b). Success Measure: CSS101_02-Increase public use of corporate social media sites on three categories of information: council news, community success and general use.

Our success measure was to increase the percentage of corporate social media sites. During the period we responded to 700+ media enquiries, issued 220+ media releases, 50 weekly new round up subscription emails, 50+ staff Newsflash emails, posted up to three times a day across various social media channels.

We increased our social media following to: Facebook = 17,000+; Twitter = 15,000+; Instagram = 7,000+; LinkedIn = 3,600+

c). Success Measure: CSS101_03 Increase the percentage of telephony enquiries received by Customer Service Centre that are dealt with at first point of contact.

The Contact Centre agents handled over 152,000 enquiries from customers in 2021/22 and 112,000 were by telephone. The aim of the CSC is to resolve as many of these calls there and then either by fully providing the information or service requested, or by logging a request for service for action by the relevant council team. This allows operational staff to focus on service delivery without being distracted by constant phone calls. The target was to resolve 82% of phone enquires without transfer to the back offices, but it actually achieved 94.4%.



In addition to this the council's ongoing investment in 24/7 voice automated services continued to deliver excellent results, with 8919 customers making automated payments (worth £1.63m) and 41,605 uses of the automated directory. The Coronavirus Helpline was also used 1501 times in 2021/22. Contact Centre technology has been deployed to the HR Team and Scottish Welfare Fund Team to help them manage call demands effectively and in 2021/22 a new rolling program of call quality evaluation was introduced called Agent Evaluation so that qualitative as well as quantitative management was tracked and used for continual improvement. The whole CSC system was upgraded to the latest "Liberty Converse" version with greatly enhanced real time monitoring dashboards.

Corporate Outcome - Our economy is Diverse and Thriving

Business Outcome BO112 Argyll & Bute Is Promoted To Everyone.

a). #abplace2b campaign

Purpose - promote the lifestyle and career opportunities on offer, to attract new residents and skills

How? - develop and encourage public/partner use of #abplace2b on social media, develop www.abplace2b.scot to showcase the area, jobs on offer, local businesses, lifestyle etc..

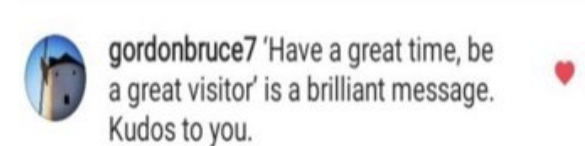
Progress - Partners and public are using #abplace2b. Our #abplace2b Instagram account is the most followed of all of Scotland's councils. Partner use of #abplace2b continues to grow

SERVICE ANNUAL PERFORMANCE REVIEW

Continued to increase use of #abplace2b as a budget-free way of promoting Argyll and Bute as a great place to live and work; this is based on promoting the great lifestyle the geography of Argyll and Bute allows for, and which sets the area apart from other locations. Members of the public and partner agencies are increasingly using it. This will be complemented and developed by www.abplace2b.scot, which we are updating for relaunch in 2022.

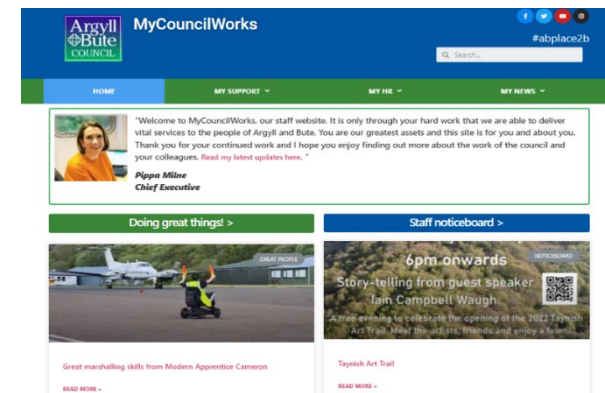
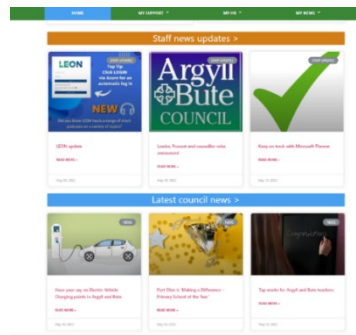
b). Community life - responsible staycation tourism

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. The campaign received a positive public response.



c). Connecting with Employees

Launched www.mycouncilworks.co.uk to connect the council and its employees more easily.



SERVICE ANNUAL PERFORMANCE REVIEW

d) **Connecting with our Communities - Health and wellbeing**

We issued free weekly news email subscription: by adapting its content to include more Covid-health, and other topical non-council news, we supported our communities' wellbeing e.g. *"Thank you for such regular, clear newsletters. So comforting to know we in isolation are included in outside life!....and I trust it!"*

e) **Great place to live and work – Promoting Argyll and Bute**

f) **Oban bid for city status**

The Communications Team developed the strapline for the council's city status bid, and evidenced public backing for city status. Both elements formed key parts of the council's bid.



g) **Rural Growth Deal**

The Communications Team developed the story of the deal:

Connecting: our high value business sectors with national and international business markets; our local economic successes with national strategic priorities.

Attracting: additional skills, training and learning opportunities; new residents, visitors and businesses.

Growing: doing more of what works; making more of our natural and built resources.

h) **A healthy workforce and a healthy working environment**

A healthy workforce and a healthy working environment are essential to achieving higher levels of attendance and providing high quality services. The Wellbeing Team reviewed, updated and relaunched two key procedures, The Reducing Stress in the Workplace procedure and the Supporting Attendance procedure.

In order to ensure that employees and managers were fully aware of the changes and the support that is available to them in managing their health, wellbeing and attendance at work the following were delivered:

- Promotion via newsflash and Wellbeing Wednesday
- Availability of updated procedures and supporting documents on both The Hub and My Council Works
- A programme of drop in supporting attendance webinars for employees and line managers to attend to learn more about changes to the new procedure and ask questions.
- A programme of drop in webinars for line managers to learn about the updated reducing stress procedure and the importance of preventative action

SERVICE ANNUAL PERFORMANCE REVIEW

- A reducing stress workshop delivered by EAP provider Health Assured
- A webinar guide for managers on accessing EAP support for themselves and those they manage
- Having a conversation about stress guidance document
- Reducing stress in the workplace eLearning currently awaiting launch
- Access to wellness action plans to support line managers and employees to discuss appropriate support for mental health conditions

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our Infrastructure Is Safe And Fit For The Future

a). Success Measure: CSS113_02-Deliver the ICT and Digital Strategy Action Plan

ICT and Digital Team - Our aims

- Our networks and systems are secure, accessible and current
- ICT provides value, and enables and empowers both customers and staff to make tasks easier
- Our people have the knowledge and capabilities to use ICT effectively

We continue to network and engage with Scottish Local Government Digital Office, Society For Innovation Technology and Modernisation (SOCITM) and Scottish Government Digital Team to ensure that we achieve best practice, share our experience and expertise, maximise public sector joint working on ICT and digital and achieve the highest levels of value for money we can through active procurement and contract management.



b). With approximately 100 actions associated with the 2021-24 ICT and Digital Strategy Action Plan, the following are highlights but the majority of actions are progressing satisfactorily and to target:

- We have been accredited Public Services Network (PSN) and CE+ for 2022/23 as planned.
- We have implemented MS 365, migrating all 2000 corporate mailboxes to Exchange online and migrating all H: drive content to OneDrive.
- We have implemented MS Teams and established appropriate guidance and governance for both MS Teams and a selection of MS365 Apps.
- We continue to refresh our hardware assets and keep them up to date through the capital Asset Sustainability programme as planned.
- We have demonstrated engagement more widely with our customers through the completion of the 2021 Customer Service Questionnaire.
- We continue to improve the accessibility of our corporate network through the completion of upgrades of bandwidth capacity at both Kilmory and GWITC (Graham Whitefield IT Centre). All existing circuit speeds increased in bandwidth (doubled at Kilmory).

SERVICE ANNUAL PERFORMANCE REVIEW

- We continue to increase the provision of services on a digital platform wherever possible. This is exemplified by the extension of the Parent Evening Booking System to additional schools and facilitate remote parent evening via video call. Parents/ carers can select and amend an appointment to suit their needs.
- We continue to support delivery of digital learning through the deployment of additional devices provided under the digital poverty initiative funded by the Scottish Government.
- An illustration of joining up our systems through more integration using available technologies is the implementation of live streaming from the council chambers for selected committee meetings with integration to Modern.Gov and MS teams.
- We have reviewed and continue to improve our disaster recovery and business continuity plans and technologies.
- We have worked with the Customer Engagement Team to achieve Customer Service Excellence accreditation.
- We directed the upgrade IKEN case management system to the latest version and have upgraded the technology platform for improved performance and compatibility.
- We have developed a replacement system to ensure the continued recording of pastoral notes records for Education following the withdrawal of the functionality in SEEMiS (education management information system).

c). Success Measure: CSS113_06-Maintain the average time to resolve ICT incidents

We have operated well within our service level targets with service levels at or above previous levels and our response times were as good as previous years.

Corporate Outcome - Getting It Right

Business Outcome BO115 We are Efficient and Cost Effective

a). Success Measure: CSS115_01-Increasing percentage of self service and automated contacts through the Customer Service Centre and Website.

The target was 62% however the percentage achieved was 73%, or 410,000 out of 563,000 customer interactions through the Contact Centre’s various channels:

2021/22 ALL TOTALS	2021/22 Total	2021/22 Percentage
Mediated Transactions	152,272	27%
Automated Information	296,736	53%
Automated Transactions	113,733	20%
Automated Information + Transactions	410,469	73%
Total	562,741	100%

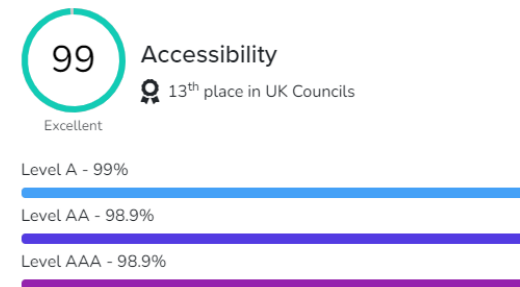
This maintained the significant shift to digital prompted by Covid lockdown the previous year and the ongoing provision of high quality online and automated services that customers prefer to use for 24/7 convenience. Despite there being a large reduction in coronavirus related enquiries and support requests compared to 2020/21, the value of efficiencies attributable to use of online services was maintained at £912k.

SERVICE ANNUAL PERFORMANCE REVIEW

Significant new online developments in 2021/22 included:

- The launch of the council’s Alexa smart speaker service with its “when’s my bin day?” service, which now has 1216 subscribers who used the service 7,257 times last year.
- Roll out of a number of new satellite websites including the [Staycation Site](#), [Invest in Argyll](#) site, over a dozen new [school sites](#) recreated using Wordpress, [Period Product](#) access and sites for partners such as the [Helensburgh Museum site](#).
- Implementation of a new marketing and notification system called Eloqua to refresh the [Keep in the Loop](#) service, which now has 10,489 subscribers and the addition of new Ferry disruption alerts to that service, which issued 17,000 alerts to subscribers over the winter.
- Implementation of a next generation web chat bot called Abbot to the council website.
- In addition, the online services retained an exemplary record for accessibility of content, which is crucial not only from an equality point of view, but also to ensure the website is as usable as possible for customers with a range of abilities. Hence in March 2022 we scored a 99% standard and ranked as 13th best in the UK out of over 400 council websites on the [independent Silktide](#) standard.

Year	Channel Shift Transactions	Potential Savings
2017/18	261,399	£460,878
2018/19	267,018	£464,865
2019/20	390,234	£670,710
2020/21	440,165	£914,871
2021/22	417,590	£912,278



b). Scottish Local Government Living Wage Consolidation

Following delivery of an options appraisal for reconfiguration of the pay and grading model to accommodate the Scottish Local Government Living Wage (SLGLW), the agreed model was delivered. This included a review of the pay and grading structure to accommodate the SLGLW and modernisation of terms and conditions. A review, rationalisation and streamlining was carried out into allowances and expenses and a consultative ballot by the Joint Trade Unions on the proposed method of consolidating the (SLG) Living Wage into the council’s Local Government Employee (LGE) pay scale as well as the proposed changes to the conditions of service document

SERVICE ANNUAL PERFORMANCE REVIEW

Business Outcome: BO117 We encourage creativity and innovation to ensure our workforce is fit for the future

a) Quality Conversations

Changes were made to the PRD (Performance Review & Development) process to put quality conversations at the heart of how we do our business. Our updated approach moved away from the prescribed PRD template and is focused on an ongoing dialogue that captures conversations between the line manager and their staff about objectives, behaviours, skills and development and career/development aspirations.

The change was communicated via newsflash and a guidance document was launched to help managers in finding an approach to these conversations that works for them and their team. A series of drop in webinars were delivered for employees to gain further insight into the new approach, ask questions and discuss with their peers.

This approach also encouraged managers to consider how quality conversations can support wider communication at team level on agreeing objectives and key activities and monitoring progress.

2. SIGNIFICANT CHALLENGES

The significant challenges faced by the Service during 2021/22. These challenges either created specific pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our infrastructure is safe and fit for the future

a) Cyber-attacks

2021/22 saw an unprecedented increase in the level of risk associated with cyber-attacks. The public sector has repeatedly experienced significant cyber-attacks which disrupted services and cost millions of pounds to remediate. This has been a global phenomenon, and with heightened geo-political tensions there is an increasing risk that an attack targeted at a specific sector or organisation will escape into the wider world and have serious worldwide consequences. The need for our ICT teams to be ever more vigilant and responsive has never been greater. Our ICT teams have responded admirably to each and every emerging threat but the additional day to day challenges inevitably impact their workload in order to maintain the very high levels of service being delivered.

SERVICE ANNUAL PERFORMANCE REVIEW

b) MicroSoft365

The accelerated implementation of MS365 to enable Teams as part of the Pandemic response resulted in the need to reallocate team resource from other priorities. This enabled a fast and effective transition with minimum disruption to the business and the creation of a secure operational environment in the Cloud.

Corporate Outcome - Getting it Right

Business Outcome BO115 We are Efficient and Cost Effective

a) Recruitment

- Our Communication Team is a small team and has been reduced by as much as 40% for a prolonged period due to difficulties in recruiting to two different vacant posts. We redesigned the role and hours of one post, which is now filled; and we are in the process of redesigning the second post.
- Our HROD Team has experienced recruitment challenges in terms of being able to attract suitable candidates. Sickness absence in some areas of the team as well as increased demand due to Covid have led to issues in the team's ability to meet service delivery expectations in some areas such as learning and development, departmental support and Systems development. Some projects experienced delayed in implementation. Actions taken to address the situation include a review of job descriptions, improved wording of adverts and increased profile on social media as well as support for team members on sickness absence.

3. CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....

Please list all consultations and resulting actions that the Service has carried out during this period.

a) Whilst there has been no formal customer consultation from during this period, the Communication Team has received positive feedback from the campaigns we have run and communications that we have sent out.

b). Customer Satisfaction and Insight Surveys

The Customer Engagement Team operates a number of automated customer satisfaction and customer insight surveys that allow customers to provide input on the quality of customer service and elements that could be improved or enhanced. Surveys include:

- A pop up satisfaction/feedback survey on the website
- An automated quality survey put on acknowledgements after online forms have been completed
- A "what else would you like to see on the website" survey after website interactions
- An automated customer satisfaction survey offered to callers on certain lines in to the Customer Service Centre
- A quality of service survey offered to every person who registered a birth, death or marriage with our Registration Service
- A complaints handling procedure satisfaction survey.

SERVICE ANNUAL PERFORMANCE REVIEW

The feedback on these are used as part of continual improvements and are reported e.g. in the Quarterly Web Report

You said we did

- Update contact numbers if no longer in use. First number not in use, second number then asked me to call another number. **We have reviewed contact numbers on the website and will update accordingly.**
- The system timed me out almost 2 minutes after logging in which is frustrating as I was using the site and in the middle of looking at set up info and was not inactive. **We have adjusted the timings on pages that have a time out to allow for slightly more time on the page.**
- The website is definitely clunky, not easy to get what you want. Tended to take me round in a loop. **We have started a project to redesign the website and make it easier to use and more effective.**

You said we did

- Would like more information as to what items I can take to the waste disposal site. **We are working with the rubbish and recycling service to add more useful information**
- The online form for reporting problems on footpaths ect does not work. After filling in my comment and details it flashes up ERROR. **Temporary issue with our reporting form was investigated and resolved**
- The site is overloaded, far too complicated and makes for difficult navigation. **We have been working hard to reduce the amount of information on page and make it easier and quicker to find what you need**

You said we did

- When someone types up a date you should tell them if schools have them off or if it's a bank holiday. **We have improved the layout of school holiday information to make this clearer and are adding appropriate results to search engine**
- Details of schools closed for coronavirus reasons. **Schools Information added to covid-19 pages**
- Apparently there is disruption to bin collection services but I am unable to find them either in your coronavirus page or via the search option. **Added comprehensive bins info to covid pages. adjusted bin postcode lookup to include new arrangements**

See more at www.argyll-bute.gov.uk/you-said

c) SOCITM customer satisfaction

The SOCITM (Society For Innovation Technology and Modernisation) customer satisfaction survey takes place 2 yearly and is due to be reported on in 2022. Recent comments from customers received by the team include:

- *The excellent preparedness by the team ensured that we were able to make a full and rapid transition to remote working from the beginning of Covid.*
- *I have found ICT to be helpful, responsive and flexible even when being asked for support outside their area of responsibility*
- *I have been incredibly impressed by our ICT team's ability to react and implement a first class service during very trying times.*
- *ICT service has improved immensely over the past few years. One example is that you can get through immediately to an engineer, thus the problem can be rectified immediately.*

SERVICE ANNUAL PERFORMANCE REVIEW

d) Wellbeing Survey

A survey was issued to all employees to understand their views on current wellbeing provision and how they viewed their own current health and wellbeing. From this the following actions were identified:

- We will be including suggested topics in forthcoming Wellbeing Wednesday issues
- We will be encouraging you to share with us your experiences
- We will be developing tools for line managers to assist them to support you.
- We will be considering corporate initiatives in relation to commitment for wellbeing

d) Corporate Training Needs

A survey was issued to establish the types of training that employees felt would be most beneficial to them and how they would prefer to receive training in the future. The results were used to establish a corporate training offering for 2022 and beyond that is suited to the new ways of working and future service delivery and meets the needs of employees.

e) Hybrid Working Survey

The feedback from this survey was used by the Hybrid Working Short Life Working Group alongside benchmarking information gathered from other councils and approaches taken by other employers in their development of a hybrid working policy. It was determined that one prescriptive approach to hybrid working is unlikely to suit everyone as individual circumstances are important to consider and that these can change over time. The policy provides detail and a set of principles which will support a change in the way we work, while not being prescriptive about what that approach will look like.

CUSTOMER SUPPORT SERVICES – ANNUAL SCORECARD 2021/22_FINAL


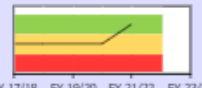
Customer Support Services Scorecard
 2019-22
 Scorecard owned by: Jane Fowler FY 21/22

- HR&OD Team Scorecard
- Communications Team Scorecard
- ICT Team Scorecard
- Customer Engagement Team Scorecard

[Click here for all Business Outcomes and Success Measures](#)


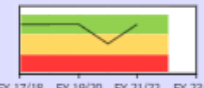
[Click here for Ex. Director Kirsty Flanagan Scorecard](#)

BO101: We Ensure Information And Support Is Available For Everyone [CSS]

Success Measures  


FY 17/18 FY 19/20 FY 21/22 FY 23/24

BO113: Our Infrastructure Is Safe And Fit For The Future [CSS]

Success Measures  

FY 17/18 FY 19/20 FY 21/22 FY 23/24

BO108: All Our Children And Young People Are Supported To Realise Their Potential [CSS]

Success Measures  

FY 17/18 FY 19/20 FY 21/22 FY 23/24

BO115: We Are Efficient And Cost Effective [CSS]

Success Measures  

FY 17/18 FY 19/20 FY 21/22 FY 23/24

BO112: Argyll And Bute Is Promoted To Everyone [CSS]

Success Measures  






FY 17/18 FY 19/20 FY 21/22 FY 23/24









BO117: We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future [CSS]

Success Measures  

FY 17/18 FY 19/20 FY 21/22 FY 23/24

Management Information

RESOURCES				
People		Actual		Trend
Sickness absence CSS		6.1 Days		
		Target	Actual	Status
PRDs CSS		90 %	24 %	 
Financial				
		Budget	Forecast	Status
Finance Revenue totals CSS		£K 8,033	£K 8,033	 

IMPROVEMENT					Status	Trend
CSS Service Improvements 2017-22	Actions	Total No	Off track	On track	Complete	
		3	3	3	0	
Customer and Support Services Audit Recommendations		3		3		1
		Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions		0	0	0	0	
H&S Investigation Actions		0	0	0	0	
Customer Service CSS						
	Stage 1 Complaints	100 %				
	Stage 2 Complaints	100 %				

Customer Support Services Scorecard 2019-22

Scorecard owned by: Jane Fowler FY 21/22

[Click here for Outcome CSS101](#)

[Click here for Full Scorecard](#)

BO101: We Ensure Information And Support Is Available For Everyone [CSS]

Success Measure **G** ↑

CSS101_01-Improve the current accuracy rate for registration of our births, deaths and marriages by the Council's registration service	Actual	2.1 %	G
	Target	3.0 %	↑
	Benchmark	2.1 %	

CSS101_03-Increase the percentage of telephone service enquiries received by Customer Service Centres that are dealt with at the first point of contact by the CSC	Actual	94.4 %	G
	Target	82.0 %	↓
	Benchmark	94.4 %	

CSS101_02-Increase public use of corporate social media sites on three categories of information: council news, community success and general use.	Actual	169,896	G
	Target	162,969	↑
	Benchmark	169,896	

BO108: All Our Children And Young People Are Supported To Realise Their Potential [CSS]

Success Measure **G** →

CSS108_01-The percentage of Modern Apprentices that go on to positive destination after completing the Argyll and Bute Council Modern Apprentice Programme	Actual	96.1 %	G
	Target	95.0 %	↓
	Benchmark	96.1 %	

BO112: Argyll And Bute Is Promoted To Everyone [CSS]

Success Measure **G** →

CSS112_01-Increase the use of #abplace2b and www.abplace2b.scot.	Actual	29,400	G
	Target	26,216	↑
	Benchmark	29,400	

BO115: We Are Efficient And Cost Effective [CSS]

Success Measure **G** →

CSS115_01-Increase the percentage of all self-service and automated contacts.	Actual	73.1 %	G
	Target	62.0 %	↑
	Benchmark	73.1 %	

BO113: Our Infrastructure Is Safe And Fit For The Future [CSS]

Success Measure **G** ↑

CSS113_01-Deliver the ICT and Digital Strategy Action Plan	Actual	On track	G
	Target	Complete	↑
	Benchmark	On track	

CSS113_02-Maintain the average time to resolve ICT incidents	Actual	2.6 Hours	G
	Target	4.4 Hours	↓
	Benchmark	2.6 Hours	

BO117: We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future [CSS]

Success Measure **G** →

CSS117_01-The percentage of delegates who have reported an increase in their knowledge and/or confidence following completion of the Argyll and Bute Manager Programme.	Actual	0.0 %	G
	Target	0.0 %	→
	Benchmark	0.0 %	Covid Impact

CSS117_02-The percentage of respondents who agree that our corporate training courses have met their learning needs.	Actual	100.0 %	G
	Target	85.0 %	→
	Benchmark	100.0 %	

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****11 AUGUST 2022**

AMENDMENT TO PENSION DISCRETIONS POLICY - SHARED COST AVCs

1.0 EXECUTIVE SUMMARY

- 1.1 On 11 April the Strategic Management Team (SMT) approved the implementation of Shared Cost Additional Voluntary Contributions (AVCs) via AVC Wise. This will enhance our financial wellbeing offering to eligible employees further developing the employee benefit scheme which was successfully launched in 2021.
- 1.2 The Council already offers Additional Voluntary Contributions (AVCs) via Prudential. AVCs are a way to save for retirement. They provide an opportunity to supplement your Local Government Pension Scheme (LGPS) and build up an additional retirement fund. Employees can take this as a tax free lump sum or it can be helped to use them to retire early by increasing their monthly pension income.
- 1.3 The LGPS and HMRC regulations provide the necessary authority for employers to introduce a Shared Cost AVC scheme. The advantages of implementing this new Shared Cost AVC arrangement over the current standard AVC scheme is that in addition to the Income Tax relief that staff currently receive, they and the employer will also receive National Insurance contribution relief.
- 1.4 The Shared Cost Additional Voluntary Contributions are paid to the Council's current AVC provider – Prudential, so for employees who already pay AVCs that will not change.
- 1.5 As part of the implementation of Shared Cost Additional Voluntary Contributions, SMT approved the proposal to include a new discretion in the Council's LGPS Discretionary Pension Policy Statement to permit Local Government Pension Scheme (LGPS) members to participate in a Shared Cost AVC scheme.
- 1.6 Regulation 17(1) & Definition of SCAVC in RSch 1 of the Council's existing Pension Discretion Policy requires to be updated.
- 1.7 It is recommended that the Policy and Resources Committee approve the amendment to the Council's Pensions Discretion Policy to allow employees to

access this financial benefit if they so choose.

AMENDMENT TO PENSION DISCRETIONS POLICY - SHARED COST AVCs

2.0 INTRODUCTION

- 2.1 On 11 April SMT approved the implementation of Shared Cost Additional Voluntary Contributions (AVCs) via AVC Wise. This will enhance our financial wellbeing offering to eligible employees further developing the employee benefit scheme which was successfully launched in 2021.
- 2.2 As part of the implementation of Shared Cost Additional Voluntary Contributions SMT approved the proposal to include a new discretion in the Council's LGPS Discretionary Pension Policy Statement to permit Local Government Pension Scheme (LGPS) members to participate in a Shared Cost AVC scheme.
- 2.3 To enable the SCAVC's to be implemented Regulation 17(1) & Definition of SCAVC in RSch 1 of the Council's existing Pension Discretion Policy requires to be updated.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee approve the amendment to the Council's Pensions Discretion Policy to allow employees to access this financial benefit if they so choose.

4.0 DETAIL

- 4.1 The Council already offers Additional Voluntary Contributions (AVCs) via Prudential. AVCs are a way to save for retirement. They provide an opportunity to supplement your Local Government Pension Scheme (LGPS) and build up an additional retirement fund. Employee can take this as a tax free lump sum or it can be helped to use them to retire early by increasing their monthly pension income.
- 4.2 The advantages of implementing this new Shared Cost AVC arrangement over the current standard AVC scheme is that in addition to the Income Tax relief that staff currently receive, they and their employer will also receive National Insurance contribution relief. Employees who contribute to a Shared Cost AVC scheme will pay lower National Insurance contributions (NICs) and this saving

will automatically be passed into the AVC. For most staff this will result in a saving of 13.25%.

- 4.3 The employees currently paying AVCs will be asked if they wish to transfer to the new scheme via a number of presentations which explain the benefits of a Salary Sacrifice scheme.
- 4.4 If 90% those employees who currently have AVCs transfer to the salary sacrifice Shared Cost AVC arrangement the Council can expect to achieve immediate annual savings of around £24,538 immediately. It is expected (based on previous business experience) that the expected take up could be increased to an estimated 7.5% of LGPS members utilising the scheme saving £300 per month then the Council will make projected *gross* NI savings of £129,206 - the Council's *net* savings would be £88,547. The AVC Wise fee would amount to £40,659 on that basis. Argyll & Bute Council can also claim back the VAT.
- 4.5 How the scheme works in practice is that the employee accepts a contractual reduction in remuneration (a salary sacrifice), equivalent to the amount they would like to pay into the scheme, and the employer pays this amount into the Shared Cost AVC plan on their behalf. To meet the 'shared cost' arrangement the employee is then required to pay a nominal £1 each month into the Shared Cost AVC through a payslip deduction.
- 4.6 Any contractual earnings such as overtime, pay increases, contractual allowances, occupational maternity pay, occupational sickness pay, and redundancy will continue to be calculated on the notional salary before the salary sacrifice is applied.
- 4.7 The LGPS and HMRC regulations provide the necessary authority for employers to introduce a Shared Cost AVC scheme. As part of the implementation of Shared Cost Additional Voluntary Contributions, SMT approved the proposal to include a new discretion in the Council's LGPS Discretionary Pension Policy Statement to permit Local Government Pension Scheme (LGPS) members to participate in a Shared Cost AVC scheme.
- 4.8 The existing discretion reads as follows:

Regulation	Discretion	Argyll & Bute Council policy on the exercise of this discretion
R17 (1) and R15 (1) (d)	Whether, and in what circumstances to contribute to a shared cost AVC scheme	Argyll & Bute Council will not exercise this discretion but will keep under review

4.9 The discretion would be amended to:

Regulation	Discretion	Argyll & Bute Council policy on the exercise of this discretion
R17 (1) and R15 (1) (d)	Whether, how much and what circumstances to contribute to a Shared Cost AVC scheme	Argyll & Bute Council will pay shared cost AVCs where an employee has elected to pay AVCs by salary sacrifice. The amount of these employer Shared Cost AVCs will not exceed the amount of salary sacrificed by the employee. This discretion is subject to the employee meeting the conditions for acceptance into the salary sacrifice Shared Cost AVC scheme and may be withdrawn or changed at any time.

5.0 CONCLUSION

- 5.1 Shared cost AVCs have benefits for both employees and employers. This improves the financial wellbeing benefits available to the employee in a way that allows them to save for the future and allows the Council to make savings.
- 5.2 In order to implement the scheme a change is needed to the Council's Pensions Discretion Policy.

6.0 IMPLICATIONS

- 6.1 Policy – The council's discretionary pensions policy will need to be amended and published to provide the authority to enable staff to pay into Shared Cost AVCs as one of our discretions. The scheme documentation will need to state that the Shared Cost AVCs are to be treated as a pensionable emolument in accordance with the LGPS regulations (Regulation 20(1)(b) of the 2013 Regulations), to ensure that a member's main scheme benefits are not reduced.
- 6.2 Financial – This will lead to employer NIC savings. Payroll assistance will be required and support around implementation.
- 6.3 Legal – There are a number of legal issues that require action prior to the implementation of a Shared Cost AVC scheme. The Shared Cost AVC scheme information pack and frequently asked questions must explain the scheme in sufficient depth to enable staff to understand the implications of becoming a Shared Cost AVC member. The employee will be required to sign a salary sacrifice agreement to vary the contract of employment to accept the contractual reduction in remuneration. The Shared Cost AVC scheme will need to be approved by HMRC.
- 6.4 HR – Will lead on implementation and maintain the ongoing relationship with the suppliers involved.
- 6.5.1 Fairer Scotland Duty – These benefits will provide an opportunity to address inequalities of outcome caused by socio-economic disadvantage.

- 6.5.2 Equalities – Protected Characteristics – benefits will be made available to all permanent employees who meet the appropriate qualifying conditions.
- 6.5.3 Socio Economic Duty – Strategic decision making in relation to enhancing and modernising employee benefits has taken into account how these changes and additions will benefit those who experience socio-economic disadvantage.
- 6.5.4 Islands – The provision of financial products and educational tools to employees on Islands will seek to ensure that they have access to a wide range of benefits via online provision.
- 6.6 Climate Change – The utilisation of online mediums for employee benefits has assisted in the reduction of postage and travel to access products and services.
- 6.7 Risk – Risks SS AVC's are manageable and the key will be to ensure employees are aware of their responsibilities through clear, effective and ongoing communication. To safeguard any future compliance issues, the Shared Cost AVC scheme will require HMRC approval prior to launch. Other councils have achieved this requirement and this work is included in the specification to be delivered by the successful external provider. In addition, the council will be required to carry out some routine checks to ensure that any applications comply with the National Living Wage/National Minimum Wage rules and again this has been included in the requirements to ensure that the checks can be made within the external provider platform.
- 6.8 Customer Service – This will serve our internal customers, our employees across all services and grades well. They will have the opportunity to access a wide range of financial benefits at preferential rates or in the case of those able to purchase AVC's with a saving in national insurance.

Kirsty Flanagan

Executive Director with responsibility for Customer Support Services

19 July 2022

For further information contact:

Jane Fowler, Head of Customer Support Services

Jane.Fowler@argyll-bute.gov.uk

Seona Laird, HR Team Leader

Seona.Laird@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****DEVELOPMENT AND
ECONOMIC GROWTH****11th AUGUST 2022**

ARGYLL AND BUTE UK SHARED PROSPERITY FUND INVESTMENT PLAN

1.0 HEADLINES

- 1.1 The purpose of this paper is for members of the committee to approve the Argyll and Bute UK Shared Prosperity Fund (UKSPF) Investment Plan (see **Appendix A**), to deliver the council's allocation of just under £4.5m (see **Table 1**) to be delivered over 3 years.
- 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 The project / programme activities outlined in the Argyll and Bute UKSPF Investment Plan are all 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. In addition to core UKSPF monies, the investment plan includes a focus on ring-fenced 'Multiply' funding to support the delivery of an area-based adult numeracy programme.
- 1.4 The Argyll and Bute Council UKSPF allocations to support 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 are outlined in **Table 1**. In particular, it should be noted that all allocations are required to be spent in-year.
- 1.5 At present the UK Government is looking for a fairly light touch indicative investment plan. Subject to a clear rationale, there will be scope to amend investment plans if other local / regional opportunities arise during this funding period; although the process to do this has not been identified.
- 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 local the MP, prior to its submission. The UK Government will provide the final approval to unlock the funding allocations.

- 1.7 At the Argyll and Bute Council meeting on 30th June 2022, it was agreed that the Argyll and Bute UKSPF Investment Plan should be given final approval at the Policy and Resources Committee on 11th August 2022. Furthermore, members agreed that senior officers will seek the required endorsement from the local MP to support the Argyll and Bute UKSPF Investment Plan.
- 1.8 The timescale for submission of these investment plans is extremely tight; the submission window is from 30th June to 1st August 2022, and the work required to complete investment plans during the Scottish Local Government July recess period.
- 1.9 Further to the political approval process agreed by the full council on 30th June, Argyll and Bute Council has been granted an extension by the UK Government until the 1st September 2022 to submit our investment plan. It is recognised that given that our investment plan may be signed off later, allocations may arrive later than planned and therefore may have an impact on our delivery timescales for 2022/23. On that basis, subject to addressing any comments/amendments made by the Policy and Resource Committee, it is hoped that the Argyll and Bute UKSPF Investment Plan will be submitted online as soon as possible after the 11th August 2022.
- 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.
- 1.11 The initial suggested proposals from partners/stakeholders and internal colleagues for inclusion in the investment plan was 220% over the allocation limit. In the first instance everyone who submitted a proposal was asked to confirm the minimum viable project cost, where costs could be scaled back and identify any interventions that could be dropped. As costs were still higher than the allocation, officers developed eligibility criteria with an associated scoring RAG (red, amber & green) scoring system (see **Appendix B**), along with further consultation discussions/e-mail correspondence with partners/stakeholders and internal colleagues, to populate a final plan to directly match the in-year allocations.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Agree Argyll and Bute UKSPF Investment Plan appended to this report (**Appendix A**) for submission to the UK Government, subject to addressing any amendments/ comments from the committee members.
- Provide regular updates to the Policy and Resources Committee on the progress of the delivery of the Argyll and Bute UKSPF Investment Plan aligned to the predefined outputs and outcomes.

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. While this is a predominantly revenue fund, there is a minimum amount of capital that must be spent for each year. It is up to the local authority to advise what is deemed as capital funding.

3.3 A detailed summary of the Argyll and Bute allocation is outlined in **Table 1** overleaf, complete with the proposed 4% administration fee for overall fund delivery, minimum capital spend per year 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.

3.4 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 by the UK Government (October 2022 onwards). For 2023-24 and 2024-25 payment will be at the start of the financial year.

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.

Table 1: Argyll and Bute UKSPF Allocation				
	2022/23	2023/24	2024/25	Total allocation
In-year allocations (%) Core UKSPF	12.1%	24.3%	63.6%	
Core UKSPF	£451,343	£902,686	£2,365,038	£3,719,067
In-year allocations (%) Multiply	30.2%	34.9%	34.9%	
*Multiply	£234,698	£270,806	£270,806	£776,310
Total	£686,041	£1,173,492	£2,365,844	£4,495,377
4% of total: admin fee - fund delivery	£27,442	£46,940	£105,434	£179,815
In-year allocations (%) capital	10.4%	12.5%	17.9%	
Capital: minimum spend of total Core UKSPF only, not Multiply	£46,940	£112,836	£423,342	£583,117
Available allocation (exc. admin)	2022/23	2023/24	2024/25	Total allocation
Core UKSPF	£433,289	£866,579	£2,270,436	£3,570,304
Multiply	£225,310	£259,974	£259,974	£745,258

* 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](#).
N.B. Figures subject to rounding.

- 3.6 As the initial proposals for inclusion in the Argyll and Bute UKSPF Investment Plan were 220% greater than the allocation, everyone who submitted a proposal was asked to confirm the minimum viable project cost, where costs could be scaled back and identify any interventions that could be dropped. As costs were still higher than the allocation further to this exercise, officers developed eligibility criteria and an associated RAG scoring system (see **Appendix B**). For instance, consideration was given to the wider policy and funding landscape, existing activities and programmes, other new funding opportunities and other complementary interventions from other national or local schemes. This was followed up by discussions / e-mail correspondence with all internal colleagues, partners and stakeholders to enable the preparation of the final plan for approval, where proposals directly match the in-year allocations, see **Appendix C**, UKSPF Expenditure Profile spreadsheet. The expenditure spreadsheet and the UKSPF Indicative Deliverables spreadsheet, summarised in **Tables D1** and **D2** in **Appendix D**, must be submitted, along with the Argyll and Bute Investment Plan (**Appendix A**) using the UK Government's online portal.
- 3.7 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 The purpose of this paper is for members of the committee to approve the Argyll and Bute UK Shared Prosperity Fund (UKSPF) Investment Plan, **Appendix A**.
- 4.2 The Argyll and Bute UKSPF Investment Plan has been developed and prepared in conjunction with internal council colleagues, local partners/stakeholders, with endorsement of support sought from our MP (to be confirmed verbally at the meeting on the 11th August).
- 4.3 Due to the tight timescales associated with the submission of the investment plan (even with the granted one month extension), agreement and support is sought on the recommendations in this paper.

5.0 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 for the overall delivery of the Argyll and Bute UKSPF Investment Plan.
- 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. A staff resource will also be required to administer, monitor and evaluate the overall delivery of the Argyll and Bute UKSPF Investment Plan.
- 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 Argyll and Bute UKSPF Investment Plan is not approved for submission in the associated tight timescale, 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 with responsibility for Economic Growth

Councillor Robin Currie: Policy Lead for Economy and Rural Growth

11th August 2022

For further information contact:

Fergus Murray, Head of Development and Economic Growth

Fergus.Murray@argyll-bute.gov.uk

Ishabel Bremner, Economic Growth Manager

Ishabel.Bremner@argyll-bute.gov.uk

Appendixes:-

Appendix A: Argyll and Bute UKSPF Investment Plan and a summary of projects and programmes

Appendix B: Project Scoring Assessment Framework

Appendix C: Expenditure Spreadsheet

Appendix D: Indicative Outputs and Impacts – as of 2nd August 2022



UK Shared Prosperity Fund

Argyll and Bute Investment Plan, August 2022

Your location

To be eligible for funding, you will need to be applying on behalf of a lead authority in one of the [delivery geographies](#).

Select the lead authority

For Scotland and Wales only: Who else is this investment plan being submitted on behalf of? Select all that apply

Your details

Name: Kirsty Flanagan

Email address: kirsty.flanagan@argyll-bute.gov.uk

Phone number: 01546 604268

Organisation name: Argyll and Bute Council

Local challenges and opportunities

In this section, we will ask you:

- If you've identified any challenges or opportunities, you intend to support
- Which of the UKSPF investment priorities these fall under

ARE THERE ANY LOCAL CHALLENGES YOU FACE WHICH FALL UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY?
<p>(If yes) Describe these challenges, give evidence where possible</p> <p><u>Tourism</u> Due to the pandemic and enforced business closure, the Argyll and Bute Council area saw significant decreases in the tourism and hospitality sector:</p> <ul style="list-style-type: none"> • -57.6% Visitor days • -65.4% Visitor numbers • -54.8% Direct Expenditure • -34% Direct employment <p>(Source: Argyll and Bute Scottish Tourism Economic Activity Monitor (STEAM) data 2019, comparison with Q1&Q2 2021).</p> <p>Recovery has faced obstacles and delays with changing restrictions and regulations over 2020 and 2021. There have been inevitable business casualties. Targeted and sustained marketing efforts will be necessary to raise the profile of the destination's offers effectively; and attract visitors who will respect as well as enjoy Argyll and Bute.</p> <p><u>Childcare</u> In specific areas of Argyll and Bute, it is a challenge to deliver childcare pre-school, post school and during holidays to allow parents/carers the opportunity to work or offer greater flexibility in working hours.</p> <p><u>Community Development</u> Our communities, and partners, through the Community Planning Partnership, have identified the challenge of addressing the Climate Emergency in Argyll and Bute. They have been working together to seek ways to address this.</p> <p>Community organisations have expressed a desire to come together to share best practice, ideas and increase capacity and resilience through learning from one another. These needs have been raised through thematic focused discussions (i.e. climate change, COVID recovery and resilience) and also in communities with protected characteristics such as Gaelic speaking communities. This is a challenge within Argyll and Bute due to the large land mass and remote rural and island communities, which impacts travel and ability to meet. There is a need to support a digital solution and there is complexity with this due to the capacity building needs around skills / lack of digital infrastructure within community facilities.</p> <p><u>Fuel Poverty and the Cost of Living Crises</u> The current challenges with regard to fuel poverty and the cost of living are particularly prevalent in the large and sparsely populated rural area of Argyll and Bute. In the area there is a predominance of low paid, temporary and seasonal contracts, in industries of agriculture, forestry and tourism. During the pandemic tourism was particularly hard hit. The Scottish Government's income</p>

distribution statistics 2018 show that Argyll and Bute is in the bottom third of local authority areas with the lowest gross weekly incomes, whilst the cost of transport and distribution of food means that the cost of living is also much higher in rural areas of Scotland like Argyll and Bute. A Scottish Government (2021) report estimates that the minimum cost of living in remote rural Scotland is between 15% and 30% higher than urban parts of the UK.

In addition being remote and rural, fuel poverty is a significant issue facing Argyll and Bute, the most recent Scottish House Condition Survey 2020 suggesting that 43% of residents are living in fuel poverty, 4% more than the national average. The Atlantic Islands House Condition Survey suggests that in some areas 63% of local residents are in fuel poverty.

Fuel Poverty is defined as “if (a person), to heat their home to a satisfactory standard, needs to spend more than 10% of their household income on fuel then they are in fuel poverty”.

The Scottish Index of Multiple Deprivation (SIMD) is a relative measure of deprivation across 6,976 small areas (called data zones). The SIMD ranks all data zones in Scotland according to levels of deprivation relative to one another.

13 of Argyll and Bute’s 125 data zones fall within the 15% most deprived data zones in Scotland. These data zones are all located in our biggest towns of Rothesay, Dunoon, Campbeltown, Helensburgh and Oban.

Patterns of deprivation vary by domain, there are seven domains in total including income, employment and geographic access to services. A particular contrast can be seen between levels of access deprivation, which affects most of rural Argyll and Bute and levels of deprivation across other SIMD domains, wherein the towns are seen to exhibit higher levels of multiple deprivation relating to income and employment.

Although Argyll and Bute has few areas with high levels of multiple deprivation, other instances of deprivation will occur outside these areas, especially in rural areas where populations are more heterogeneous, meaning small pockets of poverty sit outwith the main towns very close to areas of affluence.

This all forms part of a major challenge for Argyll and Bute to minimise poverty by maximising incomes providing well paid jobs and cheap affordable housing amongst other key targets.

Places

The majority of our population live in towns or smaller settlements and therefore our places and any resulting improvement to them is critical to the quality of life and health and wellbeing of our communities who live and work in them as well as providing more attractive places for those visiting or looking to invest. There is a real need in many of our towns and settlements for funding to support ‘small-scale projects’: projects enacted on the local level of a town, settlement or a neighbourhood and aimed at enhancing the quality of the place and quality of life, the health and wellbeing of our communities including the social and cultural life of local residents as well as improving the place for those living, working, visiting and investing.

ARE THERE ANY LOCAL OPPORTUNITIES UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY THAT YOU INTEND TO SUPPORT?

(If yes) Describe these opportunities, give evidence where possible

Tourism

The tourism industry is resilient and there is an appetite to build back better in terms of both the visitor economy and quality of visitor offering; and to focus on an improved tourism product increasingly responsive to communities and sensitive to the outstanding environment.

Not all tourism and hospitality businesses have suffered. Some have made innovative and long-lasting changes to their business model. Some have seen an increase in visitors by ensuring their visitor offer is aligned to market needs; safety assurance, flexibility of booking conditions, improvements enabled through pandemic grants. Scottish Tourism Economic Activity Monitor (STEAM) data for Argyll and Bute in the first half of 2021 suggests significant build-back with economic impact more than doubling from £41.95m in 2020 to £94.83m in 2021 - a remarkable recovery rate of 126.1%. (Source: ABC STEAM DATA 2019 comparison to Q1&2 2021).

Predictions at the time of the 2022 Visitor Economy Recovery and Growth Strategy development suggest a 3-6 year worldwide full tourism recovery period. Sustained marketing and product development is necessary to underpin confidence in travel and position Argyll and Bute as a safe, sustainable and enjoyable destination. There is both appetite and need to take the pent-up travel demand and encourage locals and visitors to enjoy Argyll and Bute and improve direct spend in the area. There are opportunities to support businesses to create new visitor facing products and to use marketing activity to encourage visitors to come to the destination, stay longer and spend money in the local economies.

Community Development

To build on the momentum of time and dedication given by community groups and partner organisations to come together and address concerns with the climate emergency. To date, and over a period of more than a year, the group has worked together and produced a business case for feasibility study on climate change. They have also produced a webpage ([Community Planning Partnership - Climate Change \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk)) with the work to date in the area; which enabled the identification of gaps and need for a study. There is then opportunity to support community organisations to deliver via funding to community groups to help bring community cohesion, and increase volunteering on climate change matters through community projects and activity.

The council has trialled innovative ways in bringing groups together online during the pandemic and there is opportunity to expand this to develop 'hubs'; both online to provide opportunity to mitigate the remote rural challenges, and within communities by developing community assets fit for purpose. Further to this the Community Learning and Development Partnership (CLD) has 'digital' as a priority in its plan to improve digital skills and access across Argyll and Bute; partners are actively looking at how best they can approach this jointly – this includes the Third Sector.

The Shaping Places for Wellbeing project in Dunoon is one of six projects in Scotland seeking to address health inequalities. There is an opportunity for funding to support the needs being identified in this project; including the development of built assets to improve community cohesion, volunteering and place.

If we were able to support the Food Bank in Dunoon to undertake the feasibility studies and carbon reduction works required for a community asset then it would make a significant difference to the community work and volunteers of those associated with the group. The group is developing projects on energy reduction advice, clothing re-use and other support that has multiple societal and environmental impacts. There is opportunity to support them to flourish within a local asset.

Fuel Poverty and the Cost of Living Crises

We have the opportunity to provide grant funding to deal with the immediate fuel and food crisis. We can encourage vulnerable householders to engage with the professional advice services provided by local third sector organisations to ensure a better long term outcome for them. This includes the provision of financial inclusion skills and education services and a knowledge of where to go for help and assistance in the future, including support to ensure that claimant income from work and/or benefits is maximised, they are also to be given money and debt advice if required and budgeting skills training at the same time.

Referrals can be made for Fuel Debt Relief and Advice, Behavioural Change designed to minimise future fuel bills, the provision of energy efficient white goods and fuel vouchers and top-up payments can also be provided to claimants all in ensure a much better longer term outlook for vulnerable householders helping them to self-serve in future should they be faced with similar challenges again.

Creating a school uniform bank can support families with school uniform costs whilst at the same time increasing recycling. Doing this via a social enterprise can help educate schools and pupils in social enterprise and entrepreneurship, building jobs and retaining skills of young people in our area.

Places

Small-scale projects have the potential to play a role in renewing and reviving our towns and smaller settlements making them more attractive, vibrant and living places.

ARE THERE ANY LOCAL CHALLENGES YOU FACE WHICH FALL UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY?

(If yes) Describe these challenges, give evidence where possible

Argyll and Bute was ranked most vulnerable in the Vulnerability Index 2020 in terms of economic shock resulting from the COVID pandemic. Rural areas are less resilient than urban areas.

[Evidence](#)

The following points have been taken in the main from evidence collected for the Highlands and Islands area, which includes Argyll and Bute.

- There is an increase in Highlands and Islands businesses reporting that they are operating below pre-COVID levels. A recent survey reports that in the last six months only 34% have increased turnover, 16% increased employment and 11% increased exports. 43% are striving for growth, 57% are focusing on resilience and 55% on enhancing productivity. The most important factors in helping to achieve these plans were given as adapting products/services 50%, upskilling staff 46%, investing in technology 43%, collaborating 43% and external advice and support 42%. [Evidence](#)
- Productivity in the Highlands and Islands area is lower, at £46,500 compared to £50,200 for Scotland. Mid-term and longer-term forecast average annual growth in Gross Value Added (GVA) is below Scotland and the UK. [Evidence](#)
- The biggest barrier to innovation for businesses in the Highlands and Islands was it not being a priority (39%) but 38% report costs as the barrier. [Evidence](#)
- Cost pressures on small businesses have hit a 7 year high. Credit availability and affordability indices have worsened and will further worsen as interest rates rise. [Evidence](#)
- Almost half of businesses in Scotland report having experienced difficulties recruiting employees. [Evidence](#) Skills assessments for the Highlands and Islands area suggest that many of the key sectors for Argyll and Bute are reporting skills gaps – Tourism 16%, Health and social care 17%, Construction 13%, Food & Drink 13%, Agriculture Forestry & Fishing 13% [Evidence](#)
- Tourism and Hospitality businesses owners face unprecedented challenges during the recovery of the sector from the pandemic. In addition to attracting back visitors, most businesses are facing staffing challenges, rising costs and increasing regulation. Inflation is running at a high of 11%, interest rates are climbing, and energy bills are expected to at least double in the coming 12 months. Practical interventions which can either reduce costs and / or support innovation will be welcomed at a time when business owners have less time to operate strategically
- UK tourism and hospitality vacant roles are running at an all-time high of 1.3m (Source: Scottish Tourism Alliance). Any intervention designed to support attraction and retention will be well received by employers across Argyll and Bute.
- Social economy delivers a range of essential services to communities with limited capacity [argyll and bute se2017 census report.pdf \(argyll-bute.gov.uk\)](#)
- Majority of social enterprises and micro businesses with limited capacity for growth [argyll and bute se2017 census report.pdf \(argyll-bute.gov.uk\)](#)

ARE THERE ANY LOCAL OPPORTUNITIES UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY THAT YOU INTEND TO SUPPORT?

(If yes) Describe these opportunities, give evidence where possible

Business support

We have the opportunity to enhance the business support available from the council from the point of start-up through to growth. Scaling up existing support and introducing new activities, will provide more support to a greater number of SMEs to assist growth and sustainability. This includes:

- A package of start-up support to help new start SMEs to establish and build sustainability
- A package of business development support to help local SMEs to grow sustainably or recover from the pandemic and build resilience
- A package of employer support to help local SMEs recruit, train and manage staff
- A package of feasibility study support to help local SMEs develop and innovate

Grants and specialist advice support has been provided by the council utilising European Structural Funds for a business growth programme which concludes in 2023. Recent follow-up of 104 supported businesses shows 74% have delivered growth since receiving support, with a combined £8.2m increase in turnover and 109 additional FTE jobs created. There is a clear opportunity to build on and continue this type of support for local businesses.

Tourism support

Pre pandemic, Argyll and Bute enjoyed hundreds of large and small events across the destination bringing not just visitor enjoyment but employment, economic improvement and served to showcase the best of our local artists, musicians, dancers and crafters. Post pandemic, there is visitor and participant appetite to gather again and celebrate those skills and important cultural and heritage events. At the time of application, and the height of summer, there are circa 200 events scheduled – a fraction of those held previously. With support, local community groups and professional event organisers can once again schedule an events line up for 2023/24 as a key component of the visitor growth strategy.

Social Enterprise support

We have the opportunity to build on the longevity and proven track record of social enterprises across our rural communities delivering vital services and building social, environmental and economic capital for communities. Well established social economy sector with opportunities to address local challenges and opportunities, including community led renewables, tourism, sustainable forestry, food production, rural housing and land ownership. The last Social Enterprise Census in 2019 provided compelling evidence of the significant contribution of social enterprises to **employability** and job creation. 55% employ someone with a disability or long-term health condition, 42% employ previously unemployed young people and 69% provide training and support to improve employability. [Social enterprises are a key solution to the employment challenge](#)

ARE THERE ANY LOCAL CHALLENGES YOU FACE WHICH FALL UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY? (In Scotland, Wales, and Northern Ireland this should also include challenges relating to Multiply)

(If yes) Describe these challenges, give evidence where possible

Population Demographic

Future population projections suggest a reduction in total population of 7.2% from 2010 to 2035. The decline in population experienced to date and that projected in the future presents a significant challenge to the overall viability of the area.

Projections up to 2035 suggest that the population is ageing, with the percentage of the population over 65s expected to increase from 15% to 39.7%. More people living longer is a real success, however the demographic changes do create a number of challenges, including the availability of people to join the overall workforce in Argyll and Bute.

Service Delivery & Resources

The workforce is shrinking, so we must do everything we can to support those within working age, into employment or further education. Currently there is a gap in the provision of adult literacy and numeracy support in Argyll and Bute, which is a challenge as this is a limiting factor in supporting adults into work and further education. Due to our resources, we are currently unable to deliver one-to-one support, which is so vital in this area of work.

Physical Geography

Delivery of one-to-one support sessions is a challenge due to the large, dispersed geography of Argyll and Bute, the second largest local authority area in Scotland and has the largest number of inhabited Islands (23 Islands). Around 17% of our population live on an island (Census 2011). The size of the area and population dispersion require multiple facilities for service delivery to ensure services are delivered close to users and communities. The distance between main settlements and use of ferry services create challenges in terms of reliability, time and cost of travel.

Infrastructure and transport issues

Rural, remote rural and island communities – thus limited access to range of employment opportunities or training. Additional barriers relating to reputational issues with lack of anonymity in

a rural setting. [Rural Employment - Policy | Employability in Scotland Youth unemployment in rural areas | JRF](#)

Skills Shortages

The mismatch between unemployed people with limited skills, confidence and a range of barriers, including increasing mental health issues to access skills opportunities available. – [evaluation information from SYP phase 1](#)

ARE THERE ANY LOCAL OPPORTUNITIES UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY THAT YOU INTEND TO SUPPORT? (In Scotland, Wales, and Northern Ireland this should also include challenges relating to Multiply)

(If yes) Describe these opportunities, give evidence where possible

There are a number of local opportunities that could be capitalised on by the dissemination of UK Shared Prosperity Fund monies across the proposed project interventions:

- **Strong Partnerships & Referrals of Learners**
Regionally and locally there are strong partnerships, with Adult Learners supported as part of Live Argyll's Community Learning and Development partnership. Through our partners, we receive referrals for literacy and numeracy support for adult learners – many of which we are currently unable to engage with due to lack of resources.
- **Progression for Learners**
With a small workforce across Argyll and Bute, any learners who are supported with literacy and numeracy would have a pathway into further support in our Community Learning and Employability Hubs which are run in partnership with Skills Development Scotland and the Department of Work and Pensions. We also have a strong symbiotic relationship with Argyll College (UHI Argyll). We support their learners who require some additional literacy and numeracy support, and they provide a pathway into further education for those who wish to progress.
- **Vulnerable School Leavers**
There is an opportunity to work closely with the Developing Young Workforce Leads to ensure that vulnerable school leavers are effectively supported into employment by expanding the Wider Achievement Programme for all secondary schools, delivered in partnership.
- **Young People**
We have the opportunity to deliver a coherent programme of wider achievement qualifications and skill-focused volunteering opportunities for all secondary pupils, delivered in partnership with agencies and organisations in the wider community. Examples could include qualifications relating to food hygiene, first aid, heart start, Duke of Edinburgh and voluntary work, could encompass areas such as food banks and environmental improvement and conservation. The programme will allow curricula in schools to reflect the four contexts for learning within Building the Curriculum 3, and in particular the three related to ethos and community, inter-disciplinary learning and personal achievement. The Wider Achievement Programme is designed to allow skills progression for all young people within the school as they progress through the curriculum, and the development of their resilience, confidence and aspiration. The programme will increase engagement with school-based education for the most disengaged and vulnerable children and young people, increasing attendance and further reducing exclusion rates. Finally, the programme would also lead to a significant rise in the number of qualifications gained outside of the narrow band of National Qualifications. The proposals in this Investment Plan are thus coherent with the direction of travel nationally, where vocational and skills-based education is being developed and promoted in terms of its accessibility to young people and parity of esteem beside national qualifications.
- **Social Economy**
Delivers a range of essential services to communities with limited capacity and skills. Working with partners across the third sector with experience in supporting and nurturing those facing barriers to work, alongside training providers and those with specialist expertise in skills shortage areas to enable effective access and progression routes within

skills shortage areas (construction, tourism and hospitality, care and social economy as well as evolving economy including blue and green economy opportunities). Expertise within organisations to assist those facing barriers to build skills enabling people to progress in to longer term employment which in turn addresses skills shortages.

Interventions

In this section, we will ask you about:

- Interventions you've chosen for each year of funding
- Outcomes you want to deliver
- Any interventions that are not listed here
- How these interventions fall under the UKSPF investment priorities, and your rationale for them
- Interventions not included in our list will be assessed before being approved, where you will need to show a clear rationale, how the intervention is value for money, what outcomes it will deliver and how you will monitor and evaluate the intervention. This may include a theory of change or logic chain.

WHAT ARE THE OUTCOMES YOU WANT TO DELIVER UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY? SELECT ALL THAT APPLY.	
Outcome	Tick if applicable
Jobs created	
Jobs safeguarded	
Increased footfall	√
Increased visitor numbers	√
Reduced vacancy rates	
Greenhouse gas reductions	
Improved perceived/experienced accessibility	
Improved perception of facilities/amenities	√
Increased number of properties better protected from flooding and coastal erosion	
Increased users of facilities / amenities	√
Improved perception of facility/infrastructure project	√
Increased use of cycleways or paths	
Increase in Biodiversity	
Increased affordability of events/entry	
Improved perception of safety	
Reduction in neighbourhood crime	
Improved engagement numbers	√
Improved perception of events	
Increased number of web searches for a place	√
Volunteering numbers as a result of support	√
Number of community-led arts, cultural, heritage and creative programmes as a result of support	
Increased take up of energy efficiency measures	√
Increased number of projects arising from funded feasibility studies	
Number of premises with improved digital connectivity	√
None of the above	
SELECT THE INTERVENTIONS YOU INTEND TO USE WHICH MEET THE COMMUNITIES AND PLACE INVESTMENT PRIORITY. YOU CAN SELECT AS MANY AS YOU LIKE.	
Intervention	
<i>A full list of nation-specific interventions is available in the relevant annex to the Prospectus.</i>	

S7: Funding for the development and promotion of wider campaigns which encourage people to visit and explore local areas.
S8: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.
S9: Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.
S10: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.
S12: Investment and support for digital infrastructure for local community facilities.
S13: Support for linking communities together and with employment opportunities with a focus on decarbonisation.

DO YOU PLAN TO USE ANY INTERVENTIONS NOT INCLUDED IN THE COMMUNITIES AND PLACE LIST?	
State the name of each of these additional interventions and a brief description of each of these	
No	
Explain how each intervention meets the Communities and Place investment priority. Give evidence where possible, including why it is value money and the outcomes you want to deliver.	
N/A	
Do you consider that any of these interventions may provide a subsidy to potential recipients of the funding under the intervention's planned activity? All bids must also consider how they will deliver in line with subsidy control as set out in the guidance.	
Yes	No
Detail the assessment you undertook to consider whether the intervention is a subsidy and any specific measures you will take to make sure the subsidy is permitted.	

HAVE YOU ALREADY IDENTIFIED ANY PROJECTS WHICH FALL UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY?	
Describe these projects, including how they fall under the Communities and Place investment priority and the location of the proposed project.	
<ol style="list-style-type: none"> 1. Tourism Marketing Support - design and execution of marketing campaigns and events strategy to deliver increased visitor numbers, improved visitor economy and benefit local businesses. Argyll and Bute wide. (S7) 2. Community Planning Partnership Climate Change Working Group building capacity in communities, including peer support for community organisations and funding to support community projects with a focus on climate change. Bring communities together to share best practice in community action for climate change, raise volunteer numbers and support wider influence of actions locally and across Argyll and Bute. Argyll and Bute wide. (S8) 3. Extension of Shaping Places for Wellbeing support, to take forward needs identified and improve community cohesion, place and wellbeing. Shaping Places for Wellbeing is an innovative partnership project to inform systems change to address better health and wellbeing. There is a project worker in place that, with the funds provided through this, could add value by being able to deliver community based changes to improve community and place such as: improved perception of the area; community notice boards, active travel promotion. Argyll and Bute wide. (S9) 4. Vibrant and Living Places to support a small scale place based investment and town centre fund (possibly including shop front improvements & development of digital apps), pocket parks and green spaces including stalled spaces, and restoring historic features, heritage, arts and cultural small scale projects (including public art). Argyll and Bute wide. (S9) 	

<p>5. Extension of Flexible Food Fund providing short term grants to people struggling with the cost of living crisis, advice and skills support and referral to partners. Argyll and Bute Council is working with third sector organisations, Bute Advice Centre and the Argyll, Lomond and the Islands energy advice group (ALEnergy) to provide short-term grant funding to people who are struggling due to the cost of living crisis and increased fuel costs based on the minimum income standard with a rural uplift. Customers are offered a second grant payment if they engage with the advice services available such as benefits maximisation, budgeting skills, money and debt advice. In addition a referral is made to ALEnergy and fuel debt relief, fuel poverty advice, behavioural change, the purchase of white goods and the provision of fuel vouchers can all be arranged. Argyll and Bute wide. (S10)</p> <p>6. Community Hubs to increase digital capacity and skills in communities, alongside community asset improvements. Development of hubs which support community organisations and volunteers to come together to share best practice, ideas and increase capacity and resilience. Argyll and Bute wide. (S12)</p> <p>7. Pre-loved School Uniform project, supporting an eco-friendly re-used school uniform bank. Argyll and Bute wide. (S13)</p>	
<p>Do you consider these projects may provide a subsidy to potential recipients of the funding under the proposed planned activity? All bids must also consider how they will deliver in line with subsidy control as set out in the guidance.</p>	
<p>Yes</p>	<p>No</p>
<p>Detail the assessment you undertook to consider whether the proposed projects constitute a subsidy and any specific measures you will take to make sure the subsidy is permitted.</p>	
<p>Argyll and Bute Council must ensure that any subsidies (includes grants, loans at below market rate, loan guarantees at below market rate, tax breaks/relief or allowing a company to use publicly owned office space rent free) awarded to economic actors (anyone who puts goods or services on a market and could include a public body or a charity if they are acting commercially) comply with the UK's international obligations. These include World Trade Organisation (WTO) rules and trade agreements such as the EU-UK Trade and Co-operation Agreement (EU-UK TCA).</p> <p>A Subsidy Risk Assessment was undertaken for interventions included in the Argyll and Bute UKSPF Investment Plan when support from the council might potentially be subject to these international agreements on controlling public subsidies.</p> <p>With regard to the relevant projects outlined in the Argyll and Bute UKSPF Investment Plan, the following questions have been posed:</p> <ol style="list-style-type: none"> 1) Is the support given by a public authority? 2) Is the recipient of support an economic actor (i.e. placing goods or services on the market)? 3) Does the support provide a financial or in-kind benefit to the recipient which is not otherwise available on commercial/market terms? 4) Could the support affect international trade? <p>If the answer to all of the above questions was 'Yes', then the support is a subsidy.</p> <p>If the answer to any of the above was 'No', then the support is not a subsidy. No further action is required and the recipient will be advised that this award is not a subsidy as per the UK's international obligations.</p>	

WHAT ARE THE OUTCOMES YOU WANT TO DELIVER UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY? SELECT ALL THAT APPLY.	
Outcome	Tick if applicable
Jobs created	√
Jobs safeguarded	
Increased footfall	
Increased visitor numbers	
Reduced vacancy rates	
Greenhouse gas reductions	

Number of new businesses created	√
Improved perception of markets	
Increased business sustainability	
Increased number of businesses supported	√
Increased amount of investment	
Improved perception of attractions	
Number of businesses introducing new products to the firm	
Number of organisations engaged in new knowledge transfer activity	√
Number of premises with improved digital connectivity	
Number of businesses adopting new to the firm technologies or processes	√
Number of new to market products	√
Number of R&D active businesses	√
Increased number of innovation active SMEs	√
Number of businesses adopting new or improved products or services	
Increased number of innovation plans developed	
Number of early stage firms which increase their revenue following support	
Number of businesses engaged in new markets	
Number of businesses engaged in new markets	
Number of businesses increasing their export capability	
Increased amount of low or zero carbon energy infrastructure installed	
Number of businesses with improved productivity	√
Increased number of projects arising from funded feasibility studies	√
Increased number of properties better protected from flooding and coastal erosion	
None of the above	

SELECT THE INTERVENTIONS YOU INTEND TO USE WHICH MEET THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY. YOU CAN SELECT AS MANY AS YOU LIKE.

Intervention

A full list of nation-specific interventions is available in the relevant annex to the Prospectus.

S14: Funding for the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally.

S15: SME development grants and support, aligned with local and regional sectoral priorities and growth potential. This could include, providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including AI artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.

S16: Research and development grants supporting the development of innovative products and services, with a particular focus on low carbon goods and environmental services, and climate resilience. This could include investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.

S22: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.

S26: Business support measures to drive employment growth, particularly in areas of higher unemployment.

S29: Support for new and existing businesses and start-ups aligned with local, regional and Scottish policy.

DO YOU PLAN TO USE ANY INTERVENTIONS NOT INCLUDED IN THE SUPPORTING LOCAL BUSINESS LIST?	
State the name of each of these additional interventions and a brief description of each of these	
No	
Explain how each intervention meets the Supporting Local Business investment priority. Give evidence where possible, including why it is value money and the outcomes you want to deliver.	
N/A	
Do you consider that any of these interventions may provide a subsidy to potential recipients of the funding under the intervention's planned activity? All bids must also consider how they will deliver in line with subsidy control as set out in the guidance .	
Yes	
Detail the assessment you undertook to consider whether the intervention is a subsidy and any specific measures you will take to make sure the subsidy is permitted.	

HAVE YOU ALREADY IDENTIFIED ANY PROJECTS WHICH FALL UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY?	
Describe these projects, including how they fall under the Supporting Local Business investment priority and the location of the proposed project.	
<ol style="list-style-type: none"> Tourism Sector Support. Improved digital infrastructure for data monitoring, evaluation & visitor bookability. Argyll and Bute wide. (S14) Scientific Robotics Academy SME development grants and support, aligned with local and regional sectoral priorities and growth potential. This could include, providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including AI artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing. Argyll and Bute wide, nationally and internationally. (S15) Innovation Support Service providing expert advice and capability reviews to help SMEs create innovation plans. Argyll and Bute wide. (S16) Graduate Apprenticeship Opportunities in the Third Sector. Pilot subsidised employment costs for social enterprises for one year (S22) Graduate Placement Programme providing graduate placement grants covering staff, training and travel costs. Argyll and Bute wide. (S26) Business Development Package for local SMEs, providing enhanced start-up, recovery and growth support comprising grants, specialist advice and intensive support programmes. Grants to include costs for trade fair, accreditation, training, digital development, carbon reduction, innovation, R&D, exporting, wage subsidy for new employee and graduate placements. Specialist advice topics to include HR, Marketing, Digital, Finance, Tax, PR, Procurement/supply chain development, Business strategy, Exporting/Importing, Innovation, Intellectual Property, Net Zero. Argyll and Bute wide. (S29) 	
Do you consider these projects may provide a subsidy to potential recipients of the funding under the proposed planned activity? All bids must also consider how they will deliver in line with subsidy control as set out in the guidance .	
Yes	
No	
Detail the assessment you undertook to consider whether the proposed projects constitute a subsidy and any specific measures you will take to make sure the subsidy is permitted.	

Argyll and Bute Council must ensure that any subsidies (includes grants, loans at below market rate, loan guarantees at below market rate, tax breaks/relief or allowing a company to use publicly owned office space rent free) awarded to economic actors (anyone who puts goods or services on a market and could include a public body or a charity if they are acting commercially) comply with the UK's international obligations. These include World Trade Organisation (WTO) rules and trade agreements such as the EU-UK Trade and Co-operation Agreement (EU-UK TCA).

A Subsidy Risk Assessment was undertaken for interventions included in the Argyll and Bute UKSPF Investment Plan when support from the council might potentially be subject to these international agreements on controlling public subsidies.

With regard to the relevant projects outlined in the Argyll and Bute UKSPF Investment Plan, the following questions have been posed:

- 1) Is the support given by a public authority?
- 2) Is the recipient of support an economic actor (i.e. placing goods or services on the market)?
- 3) Does the support provide a financial or in-kind benefit to the recipient which is not otherwise available on commercial/market terms?
- 4) Could the support affect international trade?

If the answer to all of the above questions was 'Yes', then the support is a subsidy.

If the answer to any of the above was 'No', then the support is not a subsidy. No further action is required and the recipient will be advised that this award is not a subsidy as per the UK's international obligations.

WHAT ARE THE OUTCOMES YOU WANT TO DELIVER UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY? SELECT ALL THAT APPLY.

Outcome	Tick if applicable
Number of economically inactive individuals in receipt of benefits they are entitled to following support	√
Increased active or sustained participants of UKSPF beneficiaries in community groups [and/or] increased employability through development of interpersonal skills	√
Increased proportion of participants with basic skills (English, maths, digital and ESOL)	
Number of people in supported employment [and] number of people engaging with mainstream healthcare services	√
Number of people sustaining engagement with keyworker support and additional services	√
Number of people engaged in job-searching following support	
Number of people in employment, including self-employment, following support	√
Number of people sustaining employment for 6 months	
Increased employment, skills and/or UKSPF objectives incorporated into local area corporate governance	
Number of people in education/training	√
Increased number of people with basic skills (English, maths, digital and ESOL)	√
Fewer people facing structural barriers into employment and into skills provision	
Increased number of people familiarised with employers' expectations, including, standards of behaviour in the workplace	√
Fewer people facing structural barriers into employment and into skills provision	√

Number of people gaining a qualification or completing a course following support	√
Number of people gaining qualifications, licences, and skills	
Number of economically active individuals engaged in mainstream skills education, and training.	
Number of people engaged in life skills support following interventions	
Number of people with proficiency in pre-employment and interpersonal skills (relationship, organisational and anger-management, interviewing, CV and job application writing)	
Multiply only - Increased number of adults achieving maths qualifications up to, and including, Level 2.	√
Multiply only - Increased number of adults participating in maths qualifications and courses up to, and including, Level 2.	√
None of the above	

SELECT THE INTERVENTIONS YOU INTEND TO USE WHICH MEET THE PEOPLE AND SKILLS INVESTMENT PRIORITY. YOU CAN SELECT AS MANY AS YOU LIKE.

Intervention

A full list of nation-specific interventions is available in the relevant annex to the Prospectus.

S31: Employment support for economically inactive people: intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment., supplemented by additional and/or specialist life and basic skills (digital, English, maths (Multiply) and ESOL) support where there are local provision gaps.

S33: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing.

S35: Support for employability programmes and advice including alignment with the No One Left Behind agenda, Fair Start Scotland and Scottish employability pipeline. This could include tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses.

DO YOU PLAN TO USE ANY INTERVENTIONS NOT INCLUDED IN THE PEOPLE AND SKILLS LIST?

State the name of each of these additional interventions and a brief description of each of these

No

Explain how each intervention meets the People and Skills investment priority. Give evidence where possible, including why it is value money and the outcomes you want to deliver.

N/A

**Do you consider that any of these interventions may provide a subsidy to potential recipients of the funding under the intervention's planned activity?
All bids must also consider how they will deliver in line with subsidy control as [set out in the guidance](#).**

Yes	No
-----	----

Detail the assessment you undertook to consider whether the intervention is a subsidy and any specific measures you will take to make sure the subsidy is permitted.

--

ENGLAND ONLY: People and Skills interventions can only be used in 2022-2023 and 2023-2024 if you have identified a local voluntary and community provision, previously supported by the European Social Fund, at risk of closure. If you have not identified a suitable provision, you will not be able to select interventions for 2022-2023 and 2023-2024 and your investment plan will not be approved.

HAVE YOU ALREADY IDENTIFIED ANY PROJECTS for 2024-2025 WHICH FALL UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY?

Yes

Describe the projects for 2024-25, including how they fall under the People and Skills investment priority and the location of the proposed project.

Do you consider these projects may provide a subsidy to potential recipients of the funding under the proposed planned activity?

All bids must also consider how they will deliver in line with subsidy control as [set out in the guidance](#).

Yes

Detail the assessment you undertook to consider whether the proposed projects constitute a subsidy and any specific measures you will take to make sure the subsidy is permitted.

--

HAVE YOU IDENTIFIED A LOCAL VOLUNTARY PROVISION AT RISK AS PART OF YOUR PEOPLE AND SKILLS INVESTMENT PRIORITIES ?

Yes

No

(If Yes) Describe the local voluntary provision at risk and your rationale for supporting it.

--

Provide the European Social Fund Project Names and Project References for this voluntary and community provision at risk.

--

What year do you intend to fund these projects? Select all that apply.

2022-2023

2023-2024

2024-2025

Describe the projects for 2022-2023 and 2023-2024, including how they fall under the People and Skills investment priority and the location of the proposed project.

--

Do you consider these projects may provide a subsidy to potential recipients of the funding under the proposed planned activity?

--

All bids must also consider how they will deliver in line with subsidy control as set out in the guidance.	
Yes	No
Detail the assessment you undertook to consider whether the proposed projects constitute a subsidy and any specific measures you will take to make sure the subsidy is permitted.	

SCOTLAND, WALES & NORTHERN IRELAND ONLY	
HAVE YOU ALREADY IDENTIFIED ANY PROJECTS WHICH FALL UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY?	
Yes	No
Describe the projects, including how they fall under the People and Skills investment priority and the location of the proposed project.	
<ol style="list-style-type: none"> Pre-Employability Support Programme. Initial assessment, action planning and support, with individually tailored keyworker support for those furthest from the labour market. Argyll and Bute wide. (S31) Adult Literacy and Numeracy Programme. Cohesive locally tailored support for those furthest from the labour market providing access to literacy and numeracy skills, with pathways into employability support and mentoring. Argyll and Bute wide. (S31) Expansion of the Wider Achievement Programme for all secondary schools, providing support to assist vulnerable school leavers into employment via skills-based volunteering as part of an enhanced curriculum. Argyll and Bute wide. (S33) Pre-Employability Support Programme Work Placements, providing individually tailored paid work placements. Argyll and Bute wide. (S33) Positive Destinations Programme, providing support for young people leaving care with no positive destination, those with a learning disability, those leaving the criminal justice system, support to boost confidence for those who have been economically inactive and support for those who require assistance in determining suitable employment or training pathways. Argyll and Bute wide. (S33) Pre-Employability Support Programme Training, providing access to funded training courses. Argyll and Bute wide. (S35) Supported Employment Experience in the Third Sector. Intermediate Labour Market support for those not in employment, offering a waged employment experience, training, and support to participant and third sector employer. Argyll and Bute wide. (S35) 	
Do you consider these projects may provide a subsidy to potential recipients of the funding under the proposed planned activity?	
All bids must also consider how they will deliver in line with subsidy control as set out in the guidance.	
Yes	No
Detail the assessment you undertook to consider whether the proposed projects constitute a subsidy and any specific measures you will take to make sure the subsidy is permitted.	
<p>Argyll and Bute Council must ensure that any subsidies (includes grants, loans at below market rate, loan guarantees at below market rate, tax breaks/relief or allowing a company to use publicly owned office space rent free) awarded to economic actors (anyone who puts goods or services on a market and could include a public body or a charity if they are acting commercially) comply with the UK's international obligations. These include World Trade Organisation (WTO) rules and trade agreements such as the EU-UK Trade and Co-operation Agreement (EU-UK TCA).</p> <p>A Subsidy Risk Assessment was undertaken for interventions included in the Argyll and Bute UKSPF Investment Plan when support from the council might potentially be subject to these international agreements on controlling public subsidies.</p> <p>With regard to the relevant projects outlined in the Argyll and Bute UKSPF Investment Plan, the following questions have been posed:</p> <ol style="list-style-type: none"> 1) Is the support given by a public authority? 	

- 2) Is the recipient of support an economic actor (i.e. placing goods or services on the market)?
- 3) Does the support provide a financial or in-kind benefit to the recipient which is not otherwise available on commercial/market terms?
- 4) Could the support affect international trade?

If the answer to all of the above questions was 'Yes', then the support is a subsidy.

If the answer to any of the above was 'No', then the support is not a subsidy. No further action is required and the recipient will be advised that this award is not a subsidy as per the UK's international obligations.

Approach to delivery and governance

In this section, we will ask you about:

- Structures you have in place to support delivery
- Support you have from stakeholders and the local community
- How you've engaged with MPs as part of your investment plan
- Opportunities you have identified to work with other places

Places need to show how MPs that cover the lead local authority have been engaged on the investment plan and whether they support it. More detail on the role of MPs can be found here.

STAKEHOLDER ENGAGEMENT AND SUPPORT	
Have you engaged with any of the following as part of your investment plan? Select all that apply.	
Public sector organisations	Private sector organisations Civil society organisations
Describe how you have engaged with any of these organisations. Give examples where possible.	
A Partnership Group was established that was made up of members of the current Argyll and Bute Community Planning Partnership and expanded to include other stakeholders. Information on the allocation also communicated to the Argyll Economic Resilience Forum (private sector organisations).	
Summarise the governance structures you have in place, including how any advisory panels or associated partnership groups are made up	
The Final Argyll and Bute UKSPF Investment Plan was considered at the Argyll and Bute Council Policy and Resources Committee on 11 th August 2022.	
Many of the projects are from members of discrete partnerships which report to the Argyll and Bute Community Planning Partnership Management Committee, such as:	
<ul style="list-style-type: none"> • Community Planning Partnership; Community Planning Partnership Climate Change working group – Communities and Place project governance. • Community Learning and Development (CLD) Partnership – Communities and Place project governance • Argyll and Bute Employability Partnership (ABEP). 	
Confirm all MPs covering your lead local authority have been invited to join the local partnership group.	
Yes: Brendan O'Hara – separate discussion	No
Are there MPs who are not supportive of your investment plan? tbc	
Yes	No
(If Yes) Who are the MPs that are not supportive and outline their reasons why.	

--

PROJECT SELECTION

Are you intending to select projects in any way other than by competition for funding?

Yes

No

(If Yes) Describe your approach to selecting projects, and why you intend to do it this way.

As the initial proposals for inclusion in the Argyll and Bute UKSPF Investment Plan were 220% greater than the allocation, everyone who submitted a proposal was asked to confirm the minimum viable project cost, where costs could be scaled back and identify any interventions that could be dropped. As costs were still higher than the allocation further to this exercise, officers developed eligibility criteria and an associated RAG scoring system. For instance, consideration was given to the wider policy and funding landscape, existing activities and programmes, other new funding opportunities and other complementary interventions from other national or local schemes. This was then followed up by discussions with all internal colleagues, partners and stakeholders to enable the preparation of the final plan for approval at the Argyll and Bute Council Policy and Resources Committee meeting on 11th August 2022.

Delivery of some projects will be subject to a grant offer and/or competitive procured approach with support and advice from Argyll and Bute Council's Procurement Team. These processes will be put in place during the late summer/early autumn, so that we will be ready to start on the ground delivery as soon as the Argyll and Bute UK Shared Prosperity Fund Investment Plan is approved by the UK Government (late October onwards).

DO YOU INTEND TO WORK WITH OTHER PLACES ON ANY OF THE INTERVENTIONS WHICH FALL UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY?

Which interventions do you intend to collaborate on? Select all that apply.

Intervention	Tick if applicable
<i>A full list of nation-specific interventions is available in the relevant annex to the Prospectus.</i>	
S9: Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.	✓

Describe any interventions not included in this list?

Who are the places you intend to collaborate with?

Shaping Places for Wellbeing – working with West Dunbartonshire, and five other local authorities in Scotland.

DO YOU INTEND TO WORK WITH OTHER PLACES ON ANY OF THE INTERVENTIONS WHICH FALL UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY?	
Which interventions do you intend to collaborate on? Select all that apply.	
Intervention	Tick if applicable
<i>A full list of nation-specific interventions is available in the relevant annex to the Prospectus.</i>	
S15: SME development grants and support, aligned with local and regional sectoral priorities and growth potential. This could include, providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including AI artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.	√
Describe any interventions not included in this list?	
Who are the places you intend to collaborate with?	
A range of individuals, institutes and organisations throughout the UK and further afield.	

DO YOU INTEND TO WORK WITH OTHER PLACES ON ANY OF THE INTERVENTIONS WHICH FALL UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY?	
Which interventions do you intend to collaborate on? Select all that apply.	
Intervention	Tick if applicable
<i>A full list of nation-specific interventions is available in the relevant annex to the Prospectus.</i>	
S35: Support for employability programmes and advice including alignment with the No One Left Behind agenda, Fair Start Scotland and Scottish employability pipeline. This could include tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses.	√
Describe any interventions not included in this list?	

Who are the places you intend to collaborate with?

All other local authorities across Scotland in terms of standard approaches and governance issues with regard to the Scottish Government's No One Left Behind employability agenda and how this complements and aligns the UKSPF Investment Plan interventions, in particular S35.

PUBLIC SECTOR EQUALITY DUTY**How have you considered your public sector equality duty in the design of your investment plan?**

Yes.

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.

Equalities - all activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.

Socio-economic Duty - all project activities will comply with the council's socio-economic duty.

Islands - interventions under the UKSPF will be delivered across the Argyll and Bute area, including island communities.

How will you consider your public sector equality duty when implementing your investment plan, including in the selection of projects?

All activities and interventions will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations. This will be an essential criteria for all projects delivered through the Argyll and Bute UK Shared Prosperity Fund Investment Plan.

RISKS**Have you identified any key risks that could affect delivery, for example lack of staff or expertise?**

Yes

No

(If Yes) Describe these risks or issues, including the contingency measures you have in place to mitigate them.

A staff resource will need to be employed to oversee the delivery, in particular the outputs and outcomes, of all the projects included in the Argyll and Bute UK Shared Prosperity Fund Investment Plan, 2022-25.

Have you identified any key fraud risks that could affect UKSPF delivery?

Yes

No

(If Yes) Describe these risks or issues, including the contingency measures you have in place to mitigate them.

Capacity and capability

In this section, we will ask you about:

- The capacity and capability of your team to manage funding
- The resources you have in place for work related to UKSPF

Your answers here will help us know how to support you with delivery. They will not affect the amount of funding you will get.

Answer as honestly as possible.

TEAM RESOURCE
How many people (FTE) will be put in place to work with UKSPF funding?
1.5 new full-time equivalent jobs (FTEs) plus 2 FTEs of existing staff.
Describe what role these people will have, including any seniority and experience.
Economic Growth Manager, Argyll and Bute Council (existing staff) Senior Development Officer, Argyll and Bute Council, (existing post, currently vacant – will recruit). New UKSPF Officer, Argyll and Bute Council (full-time: 100% funding) New Administration Support, Argyll and Bute Council (part-time: 50% funding).

- Strong capability: Has extensive experience and/or a proven track record of delivery in this area.
- Strong capacity: High degree of confidence that there is enough staffing/resource to manage funding in this area.
- Some capability: Has previous experience of delivery in this area.
- Some capacity: Confident that there is enough staffing/resource to manage funding in this area.
- Limited capability: Does not have previous experience and/or no track record of delivery in this area.
- Limited capacity: Limited confidence that there is enough staffing/resource to manage funding in this area. Additional resource may be needed to support delivery.

CAPACITY AND CAPABILITY		
How would you describe your team's current experience of delivering funding and managing growth funds?		
Very experienced	Some experience	No previous experience
How would you describe your team's current capability to manage funding for procurement?		
Strong capability	Some capability	Limited capability
How would you describe your team's current capability to manage funding for procurement?		
Strong capability	Some capability	Limited capability
How would you describe your team's current capacity to manage funding for procurement?		
Strong capacity	Some capacity	Limited capacity
How would you describe your team's current capability to manage funding for subsidies?		
Strong capability	Some capability	Limited capability
How would you describe your team's current capacity to manage funding for subsidies?		
Strong capacity	Some capacity	Limited capacity

COMMUNITIES AND PLACE CAPACITY AND CAPABILITY		
Does your local authority have any previous experience of delivering the Communities and Place interventions you have select?		
Yes	No	
How would you describe your team's current capability to manage funding for Communities and Place interventions?		
Strong capability	Some capability	Limited capability
Describe the key capability challenges (if you have any) for delivering Communities and Place interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Climate Change work – we are working with an established Climate Change working group of the Community Planning Partnership. There is commitment from partners, including the third sector, to undertake the associated project work on climate change activity.		
Describe what further support would help address these challenges.		
How would you describe your team's current capacity to manage funding for Communities and Place interventions?		
Strong capability	Some capability	Limited capability
Describe the key capacity challenges (if you have any) for delivering Communities and Place interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Describe what further support would help address these challenges.		

SUPPORTING LOCAL BUSINESS CAPACITY AND CAPABILITY		
Does your local authority have any previous experience of delivering the Supporting Local Business interventions you have select?		
Yes	No	
How would you describe your team's current capability to manage funding for Supporting Local Business interventions?		
Strong capability	Some capability	Limited capability
Describe the key capability challenges (if you have any) for delivering Supporting Local Business interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Describe what further support would help address these challenges.		

How would you describe your team's current capacity to manage funding for Supporting Local Business interventions?		
Strong capacity	Some capacity	Limited capacity
Describe the key capacity challenges (if you have any) for delivering Supporting Local Business interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Staff resource.		
Describe what further support would help address these challenges.		

PEOPLE AND SKILLS CAPACITY AND CAPABILITY		
Does your local authority have any previous experience of delivering the People and Skills interventions you have select?		
Yes	No	
How would you describe your team's current capability to manage funding for People and Skills interventions?		
Strong capability	Some capability	Limited capability
Describe the key capability challenges (if you have any) for delivering People and Skills interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Describe what further support would help address these challenges.		
How would you describe your team's current capacity to manage funding for People and Skills interventions?		
Strong capacity	Some capacity	Limited capacity
Describe the key capacity challenges (if you have any) for delivering People and Skills interventions. This may include challenges within your local authority and/or your local/regional delivery system.		
Staff resource.		

Describe what further support would help address these challenges.

SUPPORT TO DELIVERY UKSPF	
All lead authorities can use up to 4% of their UKSPF allocation to support the delivery of their chosen interventions but by exception, lead authorities will be able to use more than 4%. Are you planning to use more than 4%?	
Yes	No
(If Yes) Explain why you wish to use more than 4%.	

Approvals **(to be finalised, subject to P&R approval)**

Before submitting your investment plan, you should have approval from your:

- Chief Executive Officer
- Section 151 Officer
- Leader of your lead authority

Do you have approval from your Chief Executive Officer for this investment plan?

- Yes
- No

Do you have approval from your Section 151 Officer for this investment plan?

- Yes
- No

Do you have approval from the leader of your lead authority for this investment plan?

- Yes
- No

If you do not have approval from any of these people, please explain why this is:

Additional documents

You will have received an email giving you access to a folder where you will need to upload supporting evidence to your investment plan. All applicants must complete and upload the following spreadsheet to the folder prior to submitting their investment plan:

- UKSPF Expenditure Profile spreadsheet
- UKSPF Indicative Deliverables spreadsheet

Your investment plan submission will be considered incomplete without the required documents.

Have you completed and uploaded the two spreadsheets to the SharePoint folder as requested?

- Yes
- No

SUMMARY OF PROJECTS AND PROGRAMMES

For easy reference, **Table A1** presents a summary of the projects and programmes for inclusion in the Argyll and Bute UKSPF Investment Plan.

Table A1: Summary of Argyll and Bute UKSPF Investment Plan Projects / Programmes		
Communities and Place		
Predefined Intervention	Project	Allocation (exc. admin)
S7: Funding for the development and promotion of wider campaigns which encourage people to visit and explore local areas.	Tourism Marketing Support	£155,000
S8: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.	Community Planning Partnership Climate Change Working Group – community capacity building	£60,000
S9: Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.	Extension of Shaping Places for Wellbeing Support	£6,000
	Vibrant and Living Spaces	£304,262
S10: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.	Extension of Flexible Food Fund - grants, advice and skills support for people struggling with cost of living	£408,000
S12: Investment and support for digital infrastructure for local community facilities.	Community Hubs	£81,750
S13: Support for linking communities together and with employment opportunities with a focus on decarbonisation.	Pre-loved School Uniform Project	£140,000
Sub-total allocation for Communities and Place		£1,155,012
Supporting Local Businesses		
Predefined Intervention	Project	Allocation (exc. admin)
S14: Funding for the development and promotion (both trade and consumer) of	Tourism Sector Support –	£45,000

the visitor economy, such as local attractions, trails, tours and tourism products more generally.	improved digital infrastructure for data monitoring, evaluation & visitor book ability	
--	--	--

Supporting Local Businesses (continued)		
Predefined Intervention	Project	Allocation (exc. admin)
S15: SME development grants and support, aligned with local and regional sectoral priorities and growth potential. This could include, providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including AI artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.	Scientific Robotics Academy	£299,900
S16: Research and development grants supporting the development of innovative products and services, with a particular focus on low carbon goods and environmental services, and climate resilience. This could include investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.	Innovation Support Service providing expert advice and capability reviews to help SMEs create innovation plans	£100,000
S22: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.	Graduate Apprenticeship Opportunities in the Third Sector	£71,154
S26: Business support measures to drive employment growth, particularly in areas of higher unemployment.	Graduate Placement Programme providing graduate placement grants covering staff,	£180,000

	training and travel costs	
S29: Support for new and existing businesses and start-ups aligned with local, regional and Scottish policy.	Business Development Package for local SMEs, providing enhanced start-up, recovery and growth support comprising grants, specialist advice and intensive support programmes	£454,000
Sub-total allocation for Supporting Local Businesses		£1,150,054
People and Skills		
Predefined Intervention	Project	Allocation (exc. admin)
S31: Employment support for economically inactive people: intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment., supplemented by additional and/or specialist life and basic skills (digital, English, maths (Multiply) and ESOL) support where there are local provision gaps.	Pre-Employability Support Programme	£71,179
	Adult Literacy and Numeracy Programme	£165,559

People and Skills		
Predefined Intervention	Project	Allocation (exc. admin)
S33: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing	Expansion of the Wider Achievement Programme for all secondary schools	£125,000
	Pre-Employability Support Programme Work Placements	£331,410
	Positive Destinations Programme, providing support for young people	£137,475

S35: Support for employability programmes and advice including alignment with the No One Left Behind agenda, Fair Start Scotland and Scottish employability pipeline. This could include tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses.	Pre-Employability Support Programme Training	£97,765
	Supported Employment Experience in the Third Sector	£336,850
Sub-total allocation for People and Skills		£1,265,238
Overall Allocation (exc. admin)		£3,570,304

The above projects/programmes in **Table A1** will involve a mixture of delivery models (again predefined by the UK Government) as follows:

- In-house provision;
- Procurement of service provision;
- Grants to public or private organisations; or
- Commissioning third party organisations.

At present the majority of the Multiply budget will be subject to a procurement process.

This page is intentionally left blank

Appendix B: Project Scoring Assessment Framework

Key to scoring:	Pan Argyll delivery	Replacement of Structural Fund activity	Fit with local priorities	Building/ extending proven project	Additionality	No alternative funds available	Delivery infrastructure in place
●	Project delivers across all of Argyll and Bute	Replacement of current Structural Funds project	Aligns to Argyll and Bute priorities	Track record of successful previous project in evidence	Project would not go ahead without UKSPF	No other options	Can be delivered with existing resources (staff, processes)
●	Geographically limited currently but project will roll out	Links to previous Structural Funds projects	Aligns to regional or national priorities	New project to Argyll but successful elsewhere	UKSPF will increase scale, quality or duration of project	Other funds could be utilised for some of the project	Uses existing resources but requires additional resources
●	Project is localised and will remain so	Project has no previous Structural Funds support	No alignment	New activity	Project would go ahead anyway	Other funds could be utilised for all of the project	No resources currently in place to deliver

This page is intentionally left blank

Table A - Funding Profile

Version 2

Please complete the funding profile for the three years. The funding profile total should correspond with your expenditure profile (Table B) totals.

Funding Profile:				
Funding Sources	2022-23	2023-24	2024-25	Total
UKSPF Allocation excluding Multiply	£451,343	£902,686	£2,365,038	£3,719,067
Multiply Allocation	£234,698	£270,806	£270,806	£776,310
Total UKSPF Allocation	£686,041	£1,173,492	£2,635,844	£4,495,377

Table B - Expenditure Profile

The table below should be completed by intervention. Enter the amount of the UKSPF allocation you are assigning to each intervention in column C then provide an annual expenditure profile within columns E to G for each Financial Year. Capital and revenue amounts (£) should be entered for each intervention by financial year in columns I to N (please see minimum capital % for each financial year in the guidance to support your calculations). Interventions must be completed by March 2025 as detailed in Section 7 of the Prospectus.

Expenditure Profile		UKSPF Allocation Annual Expenditure						UKSPF Allocation Capital/Revenue Split (£)							
Investment Priority	Intervention	UKSPF Allocation	% of Total UKSPF Allocation	2022-23	2023-24	2024-25	Annual Expenditure Totals	Capital 22/23	Revenue 22/23	Capital 23/24	Revenue 23/24	Capital 24/25	Revenue 24/25	Capital/Revenue Totals	Supporting comments relating to expenditure
Communities & Place	S1: Place based investments, regen & town centre improvements		0%				£0							£0	
Communities & Place	S2: Support/improve community assets & infrastructure projects		0%				£0							£0	
Communities & Place	S3: Improvements to the natural environment, green & open space		0%				£0							£0	
Communities & Place	S4: Design & management of the built & landscaped environment		0%				£0							£0	
Communities & Place	S5: Support sport, arts, cultural, heritage & creative activities		0%				£0							£0	
Communities & Place	S6: Active travel enhancements & small scale transport projects		0%				£0							£0	
Communities & Place	S7: Campaigns to encourage visiting & exploring the local area	£163,991	4%		£50,000	£50,000	£163,991	£0	£55,000	£0	£50,000	£0	£50,000	£163,991	
Communities & Place	S8: Impactful volunteering and/or social action projects	£68,991	2%	£20,000	£20,000	£20,000	£68,991	£20,000	£0	£15,000	£5,000	£15,000	£5,000	£68,991	
Communities & Place	S9: Investment in capacity building & resilience for local groups	£328,244	9%	£2,000	£57,359	£250,903	£310,262	£0	£0	£57,359	£0	£250,903	£0	£308,262	
Communities & Place	S10: Community measures to reduce the cost of living	£416,991	11%	£0	£0	£480,000	£480,000	£0	£0	£0	£0	£408,000	£0	£408,000	
Communities & Place	S11: Relevant feasibility studies		0%				£0							£0	
Communities & Place	S12: Digital infrastructure for local community facilities	£90,741	2%	£20,000	£30,875	£30,875	£81,750	£0	£20,000	£0	£30,875	£0	£30,875	£81,750	
Communities & Place	S13: Linking communities with employment opportunities - decarbonisation	£148,991	4%	£0	£70,000	£70,000	£140,000	£0	£0	£0	£70,000	£0	£70,000	£140,000	
Communities & Place	Total for 'On-menu' Interventions	£1,217,949	32%	£97,000	£228,234	£901,778	£1,227,012	£20,000	£75,000	£72,359	£155,875	£265,903	£563,875	£1,153,012	
Communities & Place	Insert Bespoke Intervention		0%				£0							£0	
Communities & Place	Insert Bespoke Intervention		0%				£0							£0	
Communities & Place	Insert Bespoke Intervention		0%				£0							£0	
Communities & Place	Insert Bespoke Intervention		0%				£0							£0	
Communities & Place	C&P Bespoke Interventions Total	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Communities & Place	Communities & Place Interventions Total	£1,217,949	32%	£97,000	£228,234	£901,778	£1,227,012	£20,000	£75,000	£72,359	£155,875	£265,903	£563,875	£1,153,012	
Local Business	S14: Development & promotion of the visitor economy	£53,991	1%	£10,000	£15,000	£20,000	£45,000	£0	£10,000	£0	£15,000	£0	£20,000	£45,000	
Local Business	S15: SME development grants & support	£308,891	8%	£35,800	£100,000	£164,100	£299,900	£10,000	£25,800	£0	£100,000	£0	£164,100	£299,900	
Local Business	S16: R&D grants supporting innovative product & services	£108,991	3%	£20,000	£40,000	£40,000	£100,000	£0	£20,000	£0	£40,000	£0	£40,000	£100,000	
Local Business	S17: Development & support of appropriate innovation infrastructure		0%				£0							£0	
Local Business	S18: Investing in enterprise infrastructure, site development projects		0%				£0							£0	
Local Business	S19: Strengthening local entrepreneurial ecosystems		0%				£0							£0	
Local Business	S20: Expert business advice & support programmes, local & regional		0%				£0							£0	
Local Business	S21: Bid for & host international business events		0%				£0							£0	
Local Business	S22: Growing the local social economy	£80,145	2%	£0	£35,577	£35,577	£71,154	£0	£0	£0	£35,577	£0	£35,577	£71,154	
Local Business	S23: Develop angel investor networks nationwide		0%				£0							£0	
Local Business	S24: Export grants to support businesses to grow overseas trading		0%				£0							£0	
Local Business	S25: Developing existing or emerging local strengths - low carbon & climate		0%				£0							£0	
Local Business	S26: Business support measures to drive employment growth	£188,991	5%	£30,000	£75,000	£75,000	£180,000	£0	£30,000	£0	£75,000	£0	£75,000	£180,000	
Local Business	S27: Support relevant feasibility studies		0%				£0							£0	
Local Business	S28: Business resilience Covid-19 recovery		0%				£0							£0	
Local Business	S29: Business support aligned with local, regional & Scottish policy	£462,991	12%	£0	£95,897	£358,103	£454,000	£0	£0	£28,769	£67,128	£142,431	£215,672	£454,000	
Local Business	S30: Investment to protect from natural hazards, flooding & coastal erosion		0%				£0							£0	
Local Business	Total for 'On-menu' Interventions	£1,204,000	32%	£95,800	£361,474	£692,780	£1,150,054	£10,000	£85,800	£28,769	£332,705	£142,431	£550,349	£1,150,054	
Local Business	Insert Bespoke Intervention		0%				£0							£0	
Local Business	Insert Bespoke Intervention		0%				£0							£0	
Local Business	Insert Bespoke Intervention		0%				£0							£0	
Local Business	Insert Bespoke Intervention		0%				£0							£0	
Local Business	LB Bespoke Interventions Total	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Local Business	Local Business Interventions Total	£1,204,000	32%	£95,800	£361,474	£692,780	£1,150,054	£10,000	£85,800	£28,769	£332,705	£142,431	£550,349	£1,150,054	
People & Skills	S31: Employment support for economically inactive people	£254,720	7%	£36,630	£76,818	£123,291	£236,739	£0	£36,630	£0	£76,818	£0	£123,291	£236,739	
People & Skills	S32: Courses including basic skills for those not economically inactive		0%				£0							£0	
People & Skills	S33: Enrichment & volunteering activities	£620,858	17%	£132,167	£115,116	£346,602	£593,885	£15,940	£116,227	£12,708	£102,408	£12,808	£333,794	£593,885	
People & Skills	S34: Increase levels of digital inclusion, essential digital skills		0%				£0							£0	
People & Skills	S35: Employability programmes & advice - No One Left Behind agenda etc	£452,597	12%	£71,692	£84,938	£277,985	£434,615	£0	£71,692	£0	£84,938	£0	£277,985	£434,615	
People & Skills	S36: Local areas to fund local skills needs		0%				£0							£0	
People & Skills	S37: Green skills courses		0%				£0							£0	
People & Skills	S38: Support local digital skills		0%				£0							£0	
People & Skills	S39: Education & skills targeting the vulnerable leaving school		0%				£0							£0	
People & Skills	S40: Support for community learning & development		0%				£0							£0	
People & Skills	S41: New partnership & project-based entrepreneurial learning		0%				£0							£0	
People & Skills	Total for 'On-menu' Interventions	£1,328,175	35%	£240,489	£276,872	£747,878	£1,265,239	£15,940	£224,549	£12,708	£264,164	£12,808	£735,070	£1,265,239	
People & Skills	Insert Bespoke Intervention		0%				£0							£0	
People & Skills	Insert Bespoke Intervention		0%				£0							£0	
People & Skills	Insert Bespoke Intervention		0%				£0							£0	
People & Skills	Insert Bespoke Intervention		0%				£0							£0	
People & Skills	P&S Bespoke Interventions Total	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
People & Skills	People & Skills Interventions Total	£1,328,175	35%	£240,489	£276,872	£747,878	£1,265,239	£15,940	£224,549	£12,708	£264,164	£12,808	£735,070	£1,265,239	
Multiply	S42: Courses designed to increase confidence with numbers		0%				£0							£0	
Multiply	S43: Courses for parents wanting to increase numeracy skills		0%				£0							£0	
Multiply	S44: Courses for prisoners, those recently released or on temporary licence		0%				£0							£0	
Multiply	S45: Courses aimed at encouraging people to upskill to access jobs/careers		0%				£0							£0	
Multiply	S46: Additional relevant maths modules in vocational courses		0%				£0							£0	
Multiply	S47: Innovative programmes delivered with employers		0%				£0							£0	
Multiply	S48: Intensive & flexible courses targeted at those without Level 5 maths		0%				£0							£0	
Multiply	S49: Courses designed to help people use numeracy to manage money		0%				£0							£0	
Multiply	S50: Courses for 16s or over leaving or just left the care system		0%				£0							£0	
Multiply	S51: Provision developed in partnership with community organisations		0%				£0							£0	
Multiply	Total for 'On-menu' Interventions	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Multiply	Insert Bespoke Intervention		0%				£0							£0	
Multiply	Insert Bespoke Intervention		0%				£0							£0	
Multiply	Insert Bespoke Intervention		0%				£0							£0	
Multiply	Insert Bespoke Intervention		0%				£0							£0	
Multiply	Multiply Bespoke Interventions Total	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Multiply	Multiply Interventions Total	£0	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
	Allocation Totals	£3,750,124	100%	£433,289	£866,880	£2,342,436	£3,642,305	£45,940	£385,349	£113,836	£752,744	£421,142	£1,849,294	£3,668,306	

Table C - Allocation Summary

For Internal Use Only

Excluding Multiply

Allocation Summary		UKSPF Allocation Total Expenditure by Investment Priority													Excluding Multiply								
Funding Period:	Communities & Place	C&P Bespoke	C&P Totals	Local Businesses	LB Bespoke	LB Totals	People & Skills	P&S Bespoke	P&S Totals	Multiply	Multiply Bespoke	Multiply Totals	£ Fund Total	% Fund Total	C&P Revenue/Capital		LB Revenue/Capital		P&S Revenue/Capital		Total Revenue/Capital		
															Cap%	Rev%	Cap%	Rev%	Cap%	Rev%	Cap%	Rev%	
1	2022/23	£97,000	£0	£97,000	£95,800	£0	£95,800	£240,489	£0	£240,489	£0	£0	£433,289	12%	20.62%	77.32%	10.44%	89.56%	6.63%	93.37%	10.60%	88.94%	
2	2023/24	£228,234	£0	£228,234	£361,474	£0	£361,474	£276,872	£0	£276,872	£0	£0	£866,580	24%	31.70%	68.30%	7.96%	92.04%	4.59%	95.41%	13.14%	86.86%	
3	2024/25	£901,778	£0	£901,778	£692,780	£0	£692,780	£747,878	£0	£747,878	£0	£0	£2,342,436	64%	29.49%	62.53%	20.56%	79.44%	1.71%	98.29%	17.98%	78.95%	
IP Totals		£1,227,012			£1,150,054			£1,265,239			£0			£3,642,305	100%								

This page is intentionally left blank

Appendix D: Indicative Outputs and Impacts – as of 2nd August 2022

Table D1: Indicative Outputs (subject to revision)	
Intervention number and measure	Number
S7 Number of organisations receiving financial support other than grants	1
S7 Number of organisations receiving grants	1
S7 Number of organisations receiving non-financial support	3000
S7 Number of people reached	1,200,000
S8 Number of local events or activities supported	40
S8 Number of organisations receiving grants	30
S8 Number of projects successfully completed	35
S8 Number of volunteering opportunities supported	50
S9 Amount of green or blue space created or improved	150
S9 Number of amenities/facilities created or improved	4
S9 Number of organisations receiving financial support other than grants	6
S9 Number of organisations receiving grants	6
S9 Number of organisations receiving non-financial support	4
S9 Number of people attending training sessions	40
S9 Number of Tourism, Culture or Heritage assets created or improved	9
S10 Number of households receiving support	750
S10 Number of households supported to take up energy efficiency measures	500
S10 Number of organisations receiving financial support other than grants	1
S10 Number of people reached	1,500
S12 Number of facilities supported/created	2
S12 Number of organisations receiving non-financial support	10
S13 Number of organisations receiving financial support other than grants	7
S13 Number of organisations receiving non-financial support	7
S13 Number of people supported to gain employment	10
S14 Number of organisations receiving financial support other than grants	1
S15 Number of enterprises receiving non - financial support	85
S15 Number of people attending training sessions	960
S16 Number of enterprises receiving non-financial support	15
S22 Number of enterprises receiving non-financial support	4
S26 Number of enterprises receiving grants	21
S29 Number of enterprises receiving grants	58
S29 Number of enterprises receiving non-financial support	60
S29 Number of potential entrepreneurs assisted to be business ready	20
S31 Number of economically inactive people engaging with keyworker support services	150
S31 Number of effective engagements between keyworkers and additional services	1248
S31 Number of people receiving support to gain employment	127
S31 Number of people receiving support to sustain employment	40
S31 Number of people supported to access basic skills courses	108
S31 Number of people supported to engage in job searching	187
S31 Number of socially excluded people accessing support	54

S33 Number of people supported to participate in education	4,030
S33 Number of people taking part in work experience programmes	70
S33 Number of volunteering opportunities supported	550
S35 Number of people in employment engaging with the skills system	70
S35 Number of people retraining	75
S35 Number of people supported to gain a qualification or complete a course	170

Table D2: Indicative outcomes (subject to revision)	
Intervention number and measure	Number
S8 Number of volunteering opportunities created as a result of support	70
S9 Improved engagement numbers (% increase)	5
S10 Increased take-up of energy efficiency measures (% increase)	2
S12 Improved perception of facility/infrastructure (% increase)	2
S12 Number of premises with improved digital connectivity	2
S13 Number of people in employment, including self-employment, following support	10
S15 Number of enterprises adopting new to the firm technologies or processes	60
S15 Number of organisations engaged in new knowledge transfer activity	60
S22 Jobs created as a result of support	4
S26 Jobs created as a result of support	21
S29 Number of new enterprises created as a result of support	20
S31 Number of economically inactive people accessing benefits they are entitled to following support	130
S31 Number of people engaging with mainstream healthcare services	111
S31 Number of people in employment, including self-employment following support	127
S31 Number of people in supported employment	40
S31 Number of people reporting increased employability through development of interpersonal skills funded by UKSPF	122
S31 Number of people sustaining engagement with keyworker support and additional services	130
S31 Number of people with basic skills following support	25
S33 Number of people experiencing reduced structural barriers into employment and into skills provision	4,060
S33 Number of people familiarised with employers' expectations, including, standards of behaviour in the workplace	130
S33 Number of people in education/training following support	20
S33 Number of people in employment, including self-employment following support	60
S35 Number of people in education/training following support	85
S35 Number of people in employment, including self-employment following support	130
S35 People gaining a qualification or completing a course following support	100

Subject to revision.

Officer verbal update to be provided, as appropriate, at the Policy & Resources Committee meeting.

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND
ECONOMIC GROWTH****11 AUGUST 2022**

**PLACE BASED INVESTMENT AND CROWN ESTATE FUND 2022/23 –
REMAINING FUNDING ALLOCATIONS AND POSSIBLE PROJECTS**

1.0 EXECUTIVE SUMMARY

- 1.1 As members will recall Argyll and Bute Council has been allocated £712,000 for financial year 2022/23 from Scottish Government, via its Place Based Investment (PBI) Programme. At the meeting of the Policy and Resources Committee on 16 May members agreed to allocate £322,486 of the PBI funding to some initial projects. The purpose of this report is to seek members' consideration of the remainder of the £322,486 unallocated PBI funding for 2022/23.
- 1.2 The report also asks members to give consideration to the unallocated Crown Estate (CE) funding for 2022/23. As with the PBI funding allocation the Policy and Resources Committee on 16 May also agreed to allocate CE to a number of initial projects. This means that, based on the prudent estimate of £1.0m of anticipated funding in 2022/23, and taking into account the allocation also agreed at February Council, there remains £397,453 available to be allocated by members.
- 1.3 This report provides the basic criteria that needs to be considered and adhered to when determining which potential projects could be supported via the PBI and CE allocation for 2022/23. In addition to the criteria itself the PBI funding for 2022/23 must be committed by 31st March 2023 and be evidenced by, at minimum, a fully let contract or commencement of works in order to avoid having to return any unspent funds to Scottish Government.
- 1.4 In order to advance this process it is proposed that the Executive Director with responsibility for Development and Economic Growth seeks suggestions for potential projects which would fit within the funds criteria and timeline from all Elected Members. It is also proposed that a delegation is given 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 to agree the expenditure on projects that fit best for the 2022/23 allocation.

- 1.5 The suggestion is that the focus of the projects for 2022/23 should be in respect of those existing projects that are well advanced, relate to Council assets or to third party projects we are currently working closely with and there is a time constraint associated with them and they can be readily taken forward to meet the PBI and CE timelines, and for the added value that they can offer to our communities.
- 1.6 It is worth noting that in addition to this year's allocation for PBI, the Scottish Government has committed to continuing to provide local authorities with funding from its PBI Programme on an annual basis for the next 3 financial years. Although the annual share for Argyll and Bute in subsequent years is yet to be fully determined, it is likely to be of a level that could deliver a number of key projects, and which could meaningfully support the economic recovery of the area. In addition the CE funding is also likely to be available in subsequent years.
- 1.7 Depending on the response and suggestions from members the fact that there will be funding available in subsequent years for both PBI and CE, could allow any projects that meet with the criteria but cannot be delivered within this year's allocation timeframe or were not an immediate priority, to be put forward for consideration as part of future year's allocations. Although it should be borne in mind that if LUF bid were to be successful that some PBI and CE funding has been put forward as match and would need to be set aside.

RECOMMENDATIONS

It is recommended that Policy and Resources Committee agree:

- a) That the Executive Director with responsibility for Development and Economic Growth seeks suggestions for potential projects that would fit with the funds criteria and timeline from all Elected Members.
- b) That delegated authority be given to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Leader and Depute Leader of the Council, and Leader of the largest Opposition Group to agree expenditure on the projects that fit best for the 2022/23 allocation, following receipt of any suggestions.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**DEVELOPMENT AND
ECONOMIC GROWTH**

11 AUGUST 2022

**PLACE BASED INVESTMENT AND CROWN ESTATE FUND 2022/23 –
REMAINING FUNDING ALLOCATION AND POSSIBLE PROJECTS**

2.0 INTRODUCTION

- 2.1 The council has been allocated £712,000 from Scottish Government for financial year 2022/23 for capital ‘place’ regeneration projects. At the meeting of the Policy and Resources Committee on 16 May members agree to allocate £322,486 of the PBI funding to some initial projects. The purpose of this report is to seek member’s consideration of the reminder of the £322,486 unallocated PBI funding for 2022/23 taking into account the PBI criteria as set by Scottish Government and the associated timeline for spend and resource implication. As part of the annual reporting requirements for this fund, the Council has to advise how the funding has been spent across the categories.
- 2.2 The report also asks members to give consideration to the unallocated Crown Estate (CE) funding for 2022/23. As with the PBI funding allocation, the May Policy and Resources Committee also agreed to allocate CE to a number of initial projects. This means that, based on the prudent estimate of £1.0m of anticipated funding in 2022/23, and taking into account the allocation also agreed at February Council, there remains £397,453 available to be allocated by members. As with the PBI funding, as part of the annual reporting requirements for this fund, the Council has to advise how the funding has been spent across the categories.
- 2.3 Any projects proposed would need to be considered to fit strongly with the PBI and CE criteria, deliver on the Council’s Economic Recovery Strategy, are time critical, add value to investment that has already been made by the Council, deliver on our regeneration outcomes for our places, take account of available officer resources and take account of the relatively tight timeline that we need to meet to align with the funding.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Policy and Resources Committee agree:

- a) That the Executive Director with responsibility for Development and Economic Growth seeks suggestions for potential projects that would fit with the funds criteria and timeline from all Elected Members.
- b) That delegated authority be given to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Leader and Depute Leader of the Council, and Leader of the largest Opposition Group to agree expenditure on the projects that fit best for the 2022/23 allocation, following receipt of any suggestions.

4.0 DETAIL

- 4.1 The 2020 Programme for Government committed to establishing a Place Based Investment Programme (PBIP), linking and aligning place-based funding initiatives. Scottish Government confirmed that Local Government would be receiving a share of the PBIP funding over a 5 year period, including the initial year 2021/22, to support and advance place-based investment and build on the strong partnership currently existing through the Regeneration Capital Grant Fund. As has been the case this year, Argyll and Bute Council will receive a share of this capital funding over the subsequent 3 years.
- 4.2 Information has been provided below to assist members when considering which project suggestions would best fit with the PBI programme in regard to allocating the remainder of the £322,486 PBI funding for 2022/23. It may also be helpful at this stage for members to be aware of a number of projects that officers are currently working on that may require additional funding this financial year. These include Gibraltar Street public realm projects in Oban, tender process to commence in the next two months, Dunoon Burgh Hall project, this is currently being tendered by the Trust, Rockfield Outdoor space Community Wellbeing Hub and outdoor public green space and also worth noting that we are still awaiting the decision regarding the Islands Programme submissions.
- 4.3 The main objectives of the PBIP are:
 - to link and align place-based initiatives, and establish a coherent local framework to implement the Place Principle;
 - to support place policy ambitions such as town centre revitalisation, community led regeneration, 20 minute neighbourhoods and Community Wealth Building;
 - to ensure that all place-based investments are shaped by the needs and aspirations of local communities; and,
 - to accelerate our ambitions for net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership.
- 4.4 In regard to PBI funding can only be used for capital regeneration projects,

and projects must aim to:

- link and align to place-based initiatives, and establish a coherent local framework to implement the Place Principle;
- support place policy ambitions, such as town centre revitalisation, community-led regeneration, 20 minute neighbourhoods and Community Wealth Building;
- ensure that all place-based investments are shaped by the needs and aspirations of local communities; and,
- accelerate net zero ambitions, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership.

4.5 The funding for 2022/23 must be committed by 31st March 2023 and be evidenced by at minimum a fully let contract or commencement of works in order to avoid having to return any unspent funds to Scottish Government. This means that there is not much time to ensure that we meet with this timeframe are projects not only have to have the ability to meet the aims of the fund, but add value to existing pieces of work and are time critical.

4.6 The fund links closely to the ongoing reprioritisation focus of the Economic Growth service, and associated Economic Strategy and Economic Recovery Plan. With its 'place' focus, the fund also builds on and adds value to the previous year's PBI funding as well as previous Town Centre Fund investment, as well as previous regeneration initiatives taken forward by the council.

4.7 The Crown Estate funding is targeted at the sustainability of coastal communities within the following categories:

- Environment
- Community
- Climate Change
- Economic Development.

As part of the annual reporting requirements for this fund, the Council has to advise how the funding has been spent across the categories.

4.8 The challenge in respect of the fund is to identify projects that meet the PBI and CE criteria, and are able to be delivered within short timeframes with our limited staff resources. Projects to be delivered under the 2022/23 allocation need to be delivered in a 7 month period and therefore need to be sufficiently well advanced in terms of their development, straightforward to deliver and/or be ready to start on site, or be able to be delivered by a third party.

4.9 Under the PBI allocation for 2021/22 the council supported a total of 8 projects and prior to the commencement of PBI funding the council supported a total of 28 projects under the previous SG Town Centre Funding stream. As a number of those projects being supported through the previous year's allocation are ongoing, the key issue has and continues to be the availability of internal resources to develop and deliver new projects.

- 4.10 As with last year's PBI funding the focus for this year's PBI fund has to be on projects that are at delivery stage, and can definitely be delivered within the tight timeframe. The projects need to fit with the PBI criteria, have the ability to build on previous investments, and require the resources to be in place to ensure delivery within the timescales required by the Scottish Government. Ideally for this year's funding the focus should be on existing projects that are well advanced, relate to council assets or to third party projects we are currently working closely with and there is a time constraint associated with them and they can be readily taken forward to meet the PBI and CE timelines, and for the added value that they can offer to our communities.

5.0 CONCLUSION

- 5.1 The relatively tight timescales associated with both of these funds, but more specifically the PBI fund, combined with the large number of existing projects being delivered by the council, make for a challenging place based investment programme. Any suggested projects should be focused on those that are time critical and fit well with the net zero ambitions of the Council and Government together with the 20 minute neighbourhood/wellbeing context and build on investment already in place, or projects identified through existing Place based work.
- 5.2 In addition to this year's allocation, the Scottish Government has committed to continuing to provide local authorities with funding from its Place Based Investment Programme on an annual basis for the next 3 financial years. Although the annual share for Argyll and Bute in subsequent years is yet to be fully determined, it is likely to be of a level that could support the delivery of a number of key projects, and which could meaningfully support the economic recovery of the area.
- 5.3 In addition to the PBI funding the CE funding is also likely to be available in subsequent years. Depending on the response and suggestions from members the fact that there will be funding available in subsequent years for both PBI and CE, could allow any project suggestions that meet with the criteria but cannot be delivered within this year's allocation timeframe or were not an immediate priority, to be put forward for consideration as part of future year's allocations. Although it should be borne in mind that if the Regeneration Levelling Up Fund bid were to be successful that some PBI and CE future year funding has been put forward as match and would need to be set aside in subsequent years.

6.0 IMPLICATIONS

- 6.1 Policy – There is a need to comply with the Scottish Government 'place' policies as outlined in paragraph 4.3 and associated guidance for the Fund as well as the Crown Estate fund guidance outlines in paragraph 1.7
- 6.2 Financial – The Scottish Government expect that any uncommitted PBI funds by 1st April 2023 will be returned to Scottish Government.

- 6.3 Legal – None
- 6.4 HR – Resourced from existing staff
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities - protected characteristics - None
 - 6.5.2 Socio-economic Duty – The Fund will support local economies through place-based centre regeneration activity.
 - 6.5.3 Islands – The Fund will support island economies through place-based regeneration activity and has the potential to align with, and add value to, the Islands Infrastructure Investment Fund.
- 6.6 Risk – In order for each PBI project to progress to delivery stage, a fully let contract must be in place by 31st March 2023. The projects will be continually monitored to ensure that funds can be reallocated to another Place Based Investment Fund project to avoid having to return any uncommitted funds to Scottish Government at this time.
- 6.7 Climate Change – the projects deliver towards net zero and address Argyll and Bute’s carbon footprint.
- 6.8 Customer Service - None

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

Policy Lead for Economy and Rural Growth: Councillor Robin Currie

21 July 2022

For further information contact:

Fergus Murray, Head of Development and Economic Growth
Fergus.Murray@argyll-bute.gov.uk

Audrey Martin Transformational Projects and Regeneration Manager
Audrey.Martin@argyll-bute.gov.uk

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

CLIMATE CHANGE BOARD

11th August 2022

COUNCIL CARBON EMISSIONS & CLIMATE INVESTMENT 2022

1.0 EXECUTIVE SUMMARY

- 1.1 Scotland has some of the most ambitious targets and progressive legislation in terms of climate change in the world and the public sector is being promoted as playing a leading role towards achieving net zero by 2045. As with other public bodies it has been a requirement for Argyll & Bute Council to monitor, record and publish contributing factors towards climate change for the past 6 years. The most recent results from the national 'Reporting Requirements' has recently been published in April 2022 and covers the previous financial year for 2020/21.
- 1.2 Around 160 public bodies (Councils, Health Boards, Government) published data in the past year and across Scotland there was a general downward trend in carbon emissions across the board – some of it will be attributable to impact of COVID19 pandemic where certain sectors like travel and construction were less active for part of the year but other factors include the general de-carbonisation of the national grid as we transition away from fossil fuels for generation of electricity.
- 1.3 Argyll & Bute Council saw our carbon emissions generated by our business activities drop for the fourth year in a row. Our carbon footprint has reduced from 28,643 tCO₂e (tonnes of carbon dioxide equivalent) in 2019/20 to 26,619 tCO₂e in 2020/21. **This means around a 33% (third) reduction in emissions since recording commenced in 2015/16.** There are a number of factors that have contributed to this reduction such as direct interventions to make buildings more energy & heat efficient, replacing traditional lightbulbs with LED, moving to electric or hybrid vehicles and treating municipal waste in different ways. The overall national grid becoming more reliant upon renewable energy sources (over fossil fuel) has also had a material impact. This reduction over this period is in line with the national average.
- 1.4 Our Climate Change Board have overall responsibility for the 'reporting requirements' submission and continue to develop new ways to reduce the Council's Carbon Footprint. Our Council also adopted its second De-Carbonisation Plan in December 2021 to recognise the importance of setting out a plan to achieve net zero by 2045. There are also ambitious interim targets of reaching a 75% reduction by 2030 which is only 8 years away. It is recognised that whilst there may be some rapid progression to reduce emissions in early years some of the more stubborn and difficult sectors like waste, travel or heating will require whole systems changes and change in cultural behaviour to achieve them.
- 1.5 The Council in its February 2022 Budget also *allocated additional funding of £500,000, building on previous £1.1m investments, for climate change, including projects within Argyll and Bute's schools.* This report outlines some of the projects

this funding will be allocated to.

2.0 RECOMMENDATIONS

2.1 That the Policy & Resources Committee consider and agree the following:

- 2.1.1 Note the publication of the Council's 2020/21 carbon emissions report and its continued positive trend highlighting that carbon dioxide equivalent emissions have reduced by 33% in past 6 years; and,
- 2.1.2 Note the climate change projects that will be developed in 2022 onwards that are aligned to the additional £500,000 commitment that was allocated at the February 2022 Council Budget.
- 2.1.3 Agree to the inclusion of the Policy Lead with responsibility for Climate Change as a member of the Climate Change Board.

COUNCIL CARBON EMISSIONS & CLIMATE INVESTMENT 2022**3.0 INTRODUCTION**

- 3.1 The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 requires the 180 public bodies classified as major players to prepare an annual "Report on Compliance with Climate Change Duties" (Schedule 2). Argyll and Bute Council is one of these organisations required to publish annual emissions since 2015. The most recent publication has been released in April 2022 for the reporting period 2020/21.
- 3.2 The Climate Change Board report progress to the Policy and Resources Committee on a regular basis. This is the first report outlining activities of the Climate Change Board to the new Council and is useful to provide a baseline snapshot of what are the key contributors to Council emissions plus also successes and areas for improvement. The carbon footprint of the Council also aligns to De-Carbonisation Plan which was adopted by the Council in 2021 which starts to provide a routemap towards net zero by 2045. It should be noted that the reporting requirements solely record the emissions of the Council as a business and do not reflect overall or regional emissions like local industry, private sector, personal travel etc. As reported elsewhere, as a region, Argyll and Bute has one of the most favourable regional carbon footprints due to large land mass, high forest cover, low number of industrial polluters and low population.
- 3.3 All members of the Climate Change Board are asked at monthly meetings if reports are to be escalated to Policy & Resources Committee so content should be varied across various departments. Certain reports such as the De-carbonisation Tracker and annual carbon emissions report (this report) will be consistent features. It is also recommended that the Policy Lead with responsibility for Climate Change is invited to be a member of the Climate Change Board to ensure a seamless link with regards to strategic leadership and operational delivery.

4.0 RECOMMENDATIONS

That the Policy & Resources Committee consider and agree the following:

- 4.1.1 Note the publication of the Council's 2020/21 carbon emissions report and its continued positive trend highlighting that carbon dioxide equivalent emissions have reduced by 33% in past 6 years; and,
- 4.1.2 Note the climate change projects that will be developed in 2022 onwards that are aligned to the additional £500,000 commitment that was allocated at the February 2022 Council Budget; and,
- 4.1.3 Agree to the inclusion of the Policy Lead with responsibility for Climate Change as a

member of the Climate Change Board.

5.0 BACKGROUND

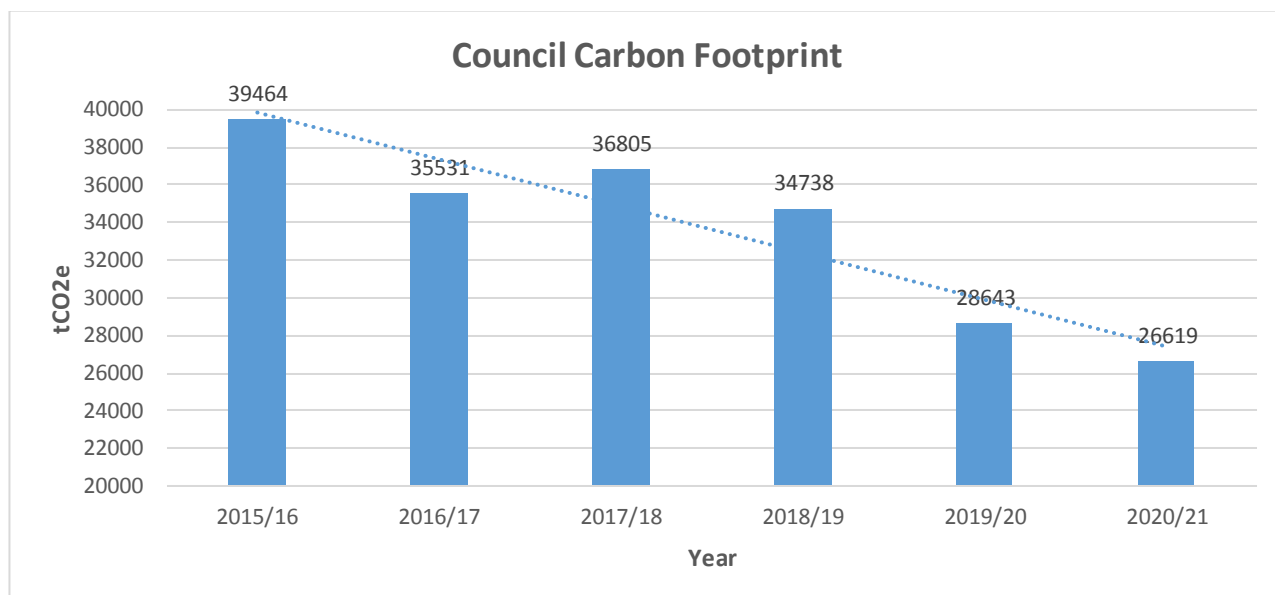
5.1 Since 2015/16 Argyll & Bute Council has published data on its Carbon Emissions annually based on a nationally agreed framework of indicators. There has been an evolution of indicators over the years but most have stayed consistent so a general trend has been able to be formed as outlined in the table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

Table 1- Annual Emissions with Baseline

Reference Year	Year	Scope1	Scope2	Scope3	Total	Units	Comments
Baseline carbon footprint	2015/16	10767.7	11701.3	16995	39464	tCO2e	
Year 1 carbon footprint	2016/17	9146.4	9790.3	16593.8	35531	tCO2e	
Year 2 carbon footprint	2017/18	9437.6	7797.8	19569.4	36805	tCO2e	Municipal waste to landfill is the Council's largest contributor to its carbon footprint; despite a reduction in municipal waste to landfill, the significant increase in the relevant carbon emissions factor has caused an upturn in scope 3 emissions.
Year 3 carbon footprint	2018/19	8937.4	5862.49	19938.13	<u>34,738</u>	tCO2e	This represents a 12% reduction in 3 years
Year 4 Carbon Footprint	2019/20	8849	4687	15107	<u>28643</u>	tCO2e	
Year 5 Carbon Footprint	2020/21	8611	4178	13830	<u>26619</u>	tCO2e	

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

Graph 1 – Annual Carbon Emissions



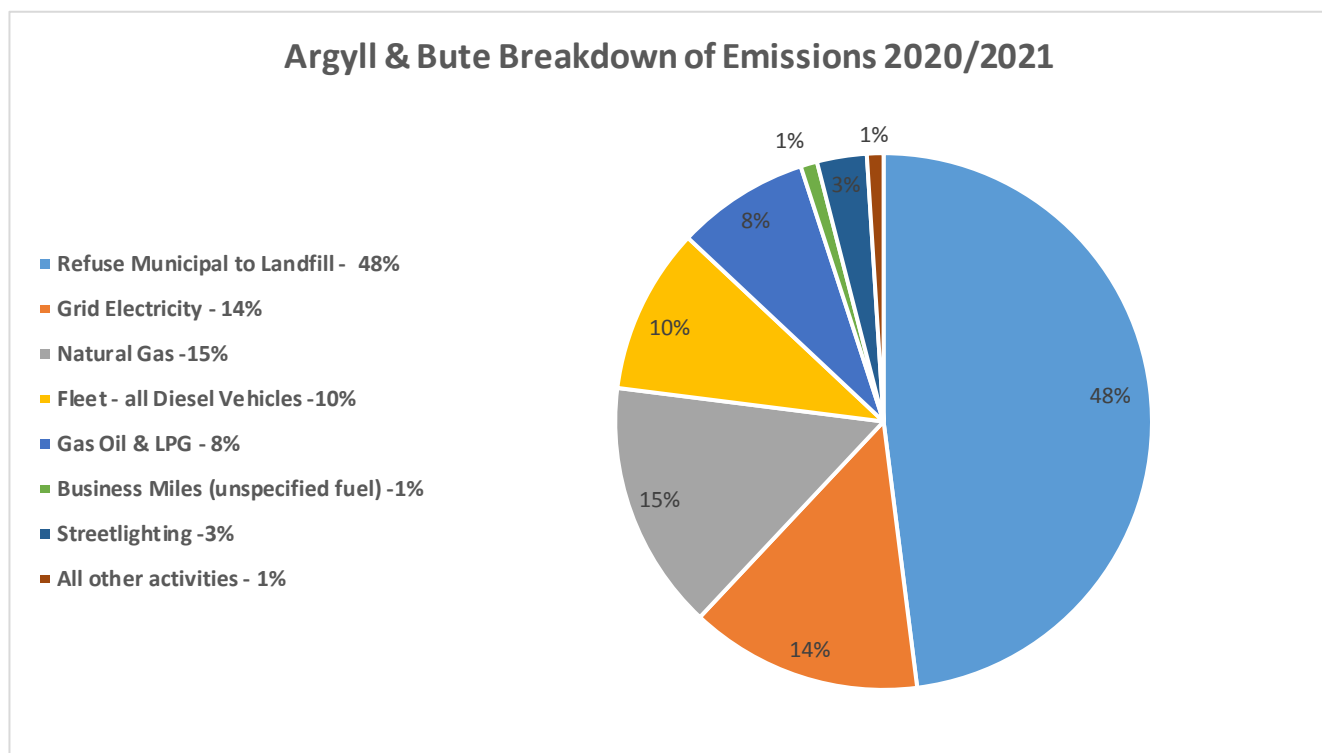
5.3 All activity of the Council is monitored so it is important to understand the breakdown of emission sources. All departments have a responsibility and role to play in monitoring and reducing carbon emissions.

Table 2 - Breakdown of emission sources

Emission Source	Emissions (tCO ₂ e)	Comments
Refuse Municipal to Landfill	12,798	~48% of total carbon footprint
Grid Electricity	3,655	~14% of total carbon footprint
Natural Gas	4,042	~15% of total carbon footprint – mainly used as heating source in buildings
Fleet – all Diesel Vehicles	2,554	~10% of total carbon footprint – bin lorries, cars, vans
Gas Oil & LPG	2016	~8% of total carbon footprint – mainly for building heating
Business Miles (unspecified fuel)	274	~1% of total carbon footprint
Streetlighting	882	~3% of total carbon footprint

All other activities	399	~1 % of total carbon footprint includes collections for recycling, water treatment, tyre processing, glass / WEE recycling
----------------------	-----	--

Graph 2 – Breakdown of emission sources



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

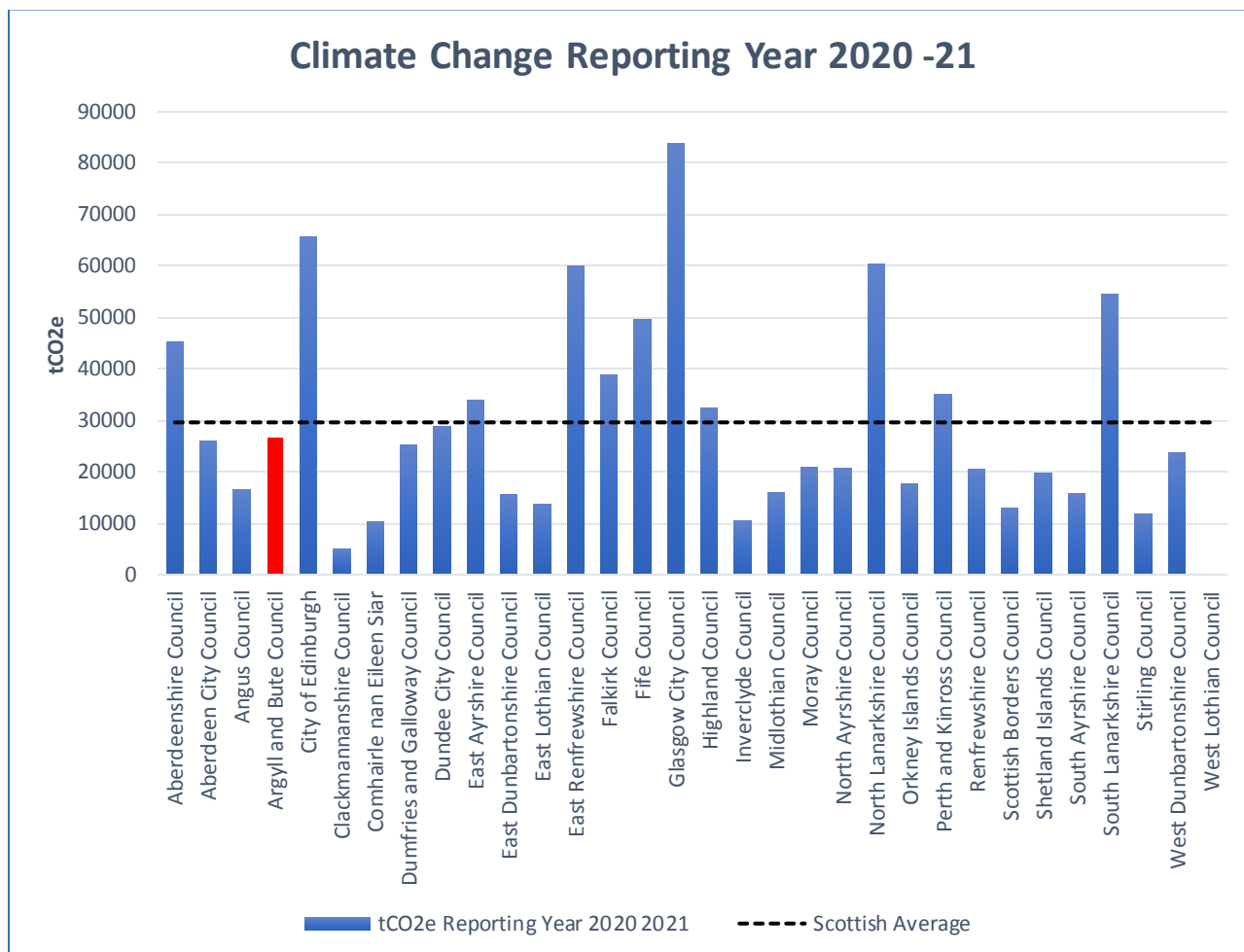
5.5 The Council have also invested in generating own sources of renewable heat and energy as outlined this year below:-

Table 3 - Generation, consumption and export of renewable energy

TECHNOLOGY	Renewable Electricity		Renewable Heat	
	Total consumed by the organisation (kWh)	Total exported (kWh)	Total consumed by the organisation (kWh)	Total exported (kWh)

Solar PV	882843	0		
Wind	15000	135000		
Biomass			4678800	0
Air Source Heat Pump			130000	0

Graph 3 – Benchmarking of Council Carbon Emissions



5.6 The graph above highlights Argyll and Bute Council's carbon emissions in relation to other local authorities who have published their 2020/21 data at this point. It is very difficult to make a direct comparison as population, physical size, internal processes (particularly waste treatment) and geographic factors all have a material impact on overall emissions.

6.0 Climate Change Projects 2022

6.1 The Council Budget which was approved in February 2022 included a provision for:-

Additional funding of £0.5m, building on previous £1.1m investments, for climate change, including projects within Argyll and Bute's schools.

- 6.2 In light of this additional investment and following discussions with the Climate Change Board it is proposed the following projects are pursued to further enhance our position:-

1. Non Domestic Energy Efficiency Framework (NDEEF)2. - £350,000

This is the funding framework that has been used in previous years to invest £1.5m of new greener more efficient property projects through energy transition and sustainable practices. Currently 18 unfunded projects at initial case selection. Projects will be developed and investment business cases taken to point of commitment in 2022/23. Due to most sites being on Education estate most will await school holidays for actual installation (some of them in 2023/24) to deliver. Contracts would be signed / committed in 2022/23 year. A list of projects that will be considered for Business Case will be:-

PLEASE NOTE NOT ALL OF THESE PROJECTS WILL BE ABLE TO PROCEED WITH THIS BUDGET & ALL WILL BE SUBJECT TO BUSINESS CASE. THIS IS SCOPING LIST THAT WILL BE REFINED DEPENDING ON THE BUSINESS CASE ANALYSIS

SITE	CLIMATE CHANGE / ENERGY EFFICIENT TECHNOLOGY
Carradale Primary School	LED Lighting, Solar PV, BMS Optimisation, Heating Optimisation
Hermitage Academy	LED Lighting, BMS Optimisation, Heating Optimisation
Lochgilphead Joint Campus	LED Lighting, BMS Optimisation, Heating Optimisation
Oban High School	LED Lighting, Solar PV, BMS Optimisation, Heating Optimisation
Dunoon Grammar School	LED Lighting, BMS Optimisation, Heating Optimisation
Rothesay Joint Campus	LED Lighting, BMS Optimisation, Heating Optimisation
Cardross Primary School	LED Lighting, Solar PV, New Boiler System, BMS Optimisation
Lismore Primary School	LED Lighting, ASHP, BMS Optimisation
Kirn Primary School	LED Lighting, Solar PV, BMS Optimisation, Heating Optimisation
Oban Joint Primary Campus	LED Lighting, BMS Optimisation, Heating Optimisation
Campbeltown Grammar School	LED Lighting, Solar PV, BMS Optimisation, Heating Optimisation
Tighnabruaich Primary School	LED Lighting, ASHP, BMS Optimisation
Port Ellen Primary School	LED Lighting, ASHP, BMS Optimisation
Lorn Resource Centre	ASHP, BMS Optimisation
Easdale Primary School	ASHP, BMS Optimisation
Keills Primary School	LED Lighting, ASHP, BMS Optimisation
Dalmally Primary School	LED Lighting, ASHP, BMS Optimisation

Blackhill Depot

Solar PV

LED- light emitting diode (energy efficient lighting)
ASHP - Air Source Heat Pump (low carbon heating)
BMS - Building management system

2. Evidence based routemap to net zero - £50,000 consultancy support

Requirement to comply with the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020

- New legislation that comes into effect in late 2022 which requires specific and scientific routemapping towards reaching net zero targets and model emissions based on activity. This will be for waste, roads, commercial services, airports etc
- Routemaps to Netzero require alignment to Council spending plans and need to be submitted in Nov 2022
- £50,000 for consultancy support to deliver this (will be a cost pressure otherwise). Output will be compliant and evidence based routemap to net zero for the Council.

To be taken forward in partnership with HIE, Western Isles Council & Hub North.

3. Local Heat and Energy Efficiency Strategy (LHEES) - £50,000 consultancy support

The Local Heat and Energy Efficiency Strategies (Scotland) Order was developed in partnership with COSLA and laid in the Scottish Parliament on 11 March 2022. It places a duty on local authorities to produce Strategies and Delivery Plans on a 5 year cycle, with the first iteration due to be published by the end of 2023. In support of this duty, the Scottish Government is providing £2.4m of annual revenue funding, ABC share £75,000, confirmed at the end of May 2022. This is to allow each local authority to recruit 1 FTE post to focus of coordination of LHEES, with a further £25,000 per council per annum to procure or internally resource technically support. Officers will bring an update on progress in due course. If it is considered after analysis this funding is not required then the £50,000 will be retained for other activities outlined in this paper.

4. Regional support of Climate Action Project Manager within Community Planning Partnership (CPP) - £50,000 of part funded post

The [Argyll and Bute Community Planning Partnership](#) (CPP) and the [Adaptation Scotland programme](#) has identified a clear need for an initiative for Argyll and Bute to make a thorough and strategic approach for action to combat Climate Change. This is a regional approach to address climate issues – not solely on Council related business. This requires a high degree of partnership and joint working from variety of stakeholders across the public, private and third sector to succeed as 1 grouping in isolation cannot address the cause and effect of climate change.

The CPP Management Committee has appointed a sub group to review and set actions in partnership relating to climate change and one of their principle

recommendations is to appoint a jointly funded Climate Action Project Manager post that will act in the interest of all CPP partners. Some partners such as NHS Highland have already committed funding to the creation of this new post which initially will be temporary for 3 years. The main activities of this new post will be to set up and a new regional Argyll and Bute Climate Action plan, a collaborative stakeholder approach to mitigating against and adapting to climate change with a strong focus on community involvement.

The proposal is allocate £50,000 of funding from this budget to act as the Council's contribution to this new CPP post.

7.0 Conclusions

7.1 It is a requirement to publish annual carbon emissions for the Scottish Government. This report highlights our overall emissions for most recent period 2020/21 and outlines that changes to this process will be forthcoming in future months due to change in The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. It also seeks to invite the Policy Lead with responsibility for Climate Change to be a member of the Climate Change Board to ensure a seamless link with regards to strategic leadership and operational delivery.

8. IMPLICATIONS

- 8.1 Policy – underpins commitment to addressing Climate Change.
- 8.2 Financial – Paper reports on downward trend of emissions and can be linked to greater efficiency of ongoing utility costs. Proposed expenditure of allocated climate change funding from 2022 Budget.
- 8.3 Legal – Meeting requirements of climate change Scotland act.
- 8.4 HR – None
- 8.5 Fairer Scotland Duty
 - 8.5.1 Equalities – Protected characteristics – None
 - 8.5.2 Socio economic Duty – None
 - 8.5.3 Islands – None
- 8.6 Climate change – Direct link confirming downward trend in emissions and proposed future projects that will address climate change.
- 8.7 Risk – Not addressing impacts or causes of climate change can lead to increased cost or censure if targets are not met.
- 8.8 Customer Service – None.

Douglas Hendry, Executive Director with responsibility for Commercial Services

Councillor Ross Moreland – Policy Lead Climate Change & Environment

14th July 2022

For further information contact:

Ross McLaughlin

Head of Commercial Services

The Helensburgh and Lomond Civic Centre

ross.mclaughlin@argyll-bute.gov.uk

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CLIMATE CHANGE BOARD****11th August 2022**

DE-CARBONISATION PLAN – ACTION TRACKER & CASE STUDIES

1.0 EXECUTIVE SUMMARY

- 1.1 Addressing Climate Change is a global issue that is hugely reliant on partnership, collaboration and the actions of us all. No single organisation can tackle it in isolation and as a Council we need to show clear leadership and lead by example in all that we do. Our first Decarbonisation Plan was published in 2020 to support and align to our 'green recovery' from the pandemic and much progress has been made to delivering climate commitments outlined in our associated de-carbonisation action plan from last year. This year greenhouse gas emissions from the Council have reduced for the 5th year in a row and we are now emitting 33% less CO₂ equivalent than we did 6 years ago. Our region continues to be one of the lowest carbon emitting local authority areas in the UK due to our natural assets (including forestry and peat), renewable energy developments and low number of polluting industries.
- 1.2 The De-carbonisation Plan sets a 3 year framework to continue our climate journey and routmap to net zero. Many of the actions continue from previous versions of the Plan but importantly this year – and as specified that would be achieved – our Council has made a clear commitment to be a net zero organization by 2045 and has also declared a climate emergency befitting the importance and critical nature of the topic. Whilst the main decarbonisation plan will be fixed for 3 years the associated Action Plan (which forms an Appendix of the document) will be continuously updated and reported to both the Climate Change Board and Policy & Resources Committee.
- 1.3 In support of the Action Plan a number of supplementary case studies have been provided by departments to provide the new Council additional information on the positive climate related work the Council is undertaking.

2.0 RECOMMENDATIONS

- 2.1 That the Policy & Resources Committee consider and endorse:
1. The progress of specific actions from the Decarbonisation Action Plan; and
 2. The supplementary case studies that provide information on positive climate change projects being undertaken by different departments of the Council.

APPENDIX A – DECARBONISATION ACTION PLAN TRACKER**APPENDIX B – CLIMATE CHANGE CASE STUDIES**

APPENDIX A – Climate Change Action Plan TRACKER

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
<p>W1 –Develop and Implement Waste Strategy</p>	<p>(L) Roads and Amenity Services, Community, commercial customers</p>	<p>Implementation of the Waste Strategy transitioning to Landfill ban compliant Residual Waste Recovery solutions by 2025.</p>	<p>External funding and support being sought from the Scottish Government</p>	<p>Negotiations with the Scottish Government (SG) continues. Officers have procured a consultant to conduct an options appraisal relating to the Waste PPP contract, this work is underway and will be completed by September and reported through the EDI committee. The SG have recently completed an Energy from Waste review, the outcomes will be considered as part of the options appraisal. Furthermore, a Food Waste review issued by the SG by the end of 2022 will feature within the circular economy proposals. The SG circular economy proposals include 31 current and future proposals up to and beyond 2025 which will have an impact on the councils waste management, e.g. Food Waste review, Scottish Deposit Return scheme, Garden Waste</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				collections and future statutory recycling targets being applied to councils. Pre-treatment derogation works are ongoing. Officers are engaging with the west area waste group every quarter which includes, Inverclyde, West Dunbartonshire, East and South Ayrshire Councils, Argyll and Bute Council and Zero Waste Scotland. Discussion is ongoing regarding post landfill ban solutions.
W2 – Promote the Waste Hierarchy through community Education	(L) Roads and Amenity Services	Evidence of community Education	Not secured	New Web content and Education materials for Primary and Secondary Schools were developed and delivered to online Education Environment Summit October 21 and the COP 26 Event on the 6 th November 21.
W3 – Reduce Council use of disposable and single use plastics across all departments and settings	(L) Procurement and Commercial Services, all Council Services	Adoption of new working practices and procurement	No specific funding in place, research required to impact on operation costs	A report on Single Use Plastic went to the Policy and Resources Committee on 9 December 2021, and the following recommendations were approved:

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<ul style="list-style-type: none"> Note and consider that the various Services that currently purchase SUP products consider whether these products are essential or if there is a potential alternative that would meet the Service requirements, prior to orders being placed via PECOS or contacting the Procurement, Commercial and Contract Management Team (PCCMT) for a procurement process to be carried out. Note and consider that the Sustainable Procurement Policy will be updated to reflect the Climate Change Board desire to limit SUP where possible – proposed wording has been included in the current draft version for 2022/23, and will be

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>updated as follows in the final version: “To provide procurement support to any strategic decisions taken by the Council in relation to the usage of Single Use Plastic products and their recyclability.”</p> <ul style="list-style-type: none"> • Note and consider that the Commodity Sourcing Strategy templates used for Regulated Procurements be updated to include a question regarding SUP <p>Changes in legislation were brought into force by the Scottish Government on the 1st June 2022 restricting single-use plastic cutlery, plates, straws, drink stirrers and balloon sticks, expanded polystyrene food containers and expanded polystyrene cups and other beverage containers, as well as all</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				products made of oxo-degradable plastic. Some products already changed and others under review.
W4 – Extend and explore pre-ordering for school food to reduce food waste	(L) Commercial Services and Education	Evidence of extension of pre-ordering & food waste reduction	No specific funding in place, research required to impact on operation costs	National solution also being looked at with Scotland Excel and following universal roll out of Free School Meals for primary school children. Project Team currently implementing this, with full project end date estimated as March 2023.
E1 – Deliver Renewable Sourcing Strategy 2	(L) Commercial Services	Adoption of Strategy	RSS2 consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.	RSS2 next stage development work includes specification development and preparation of invitation to tender for specialist consultancy support. Current work in progress; tender issue in FQ2-3 2022/2023 expected. Whilst this larger procurement exercise is conducted, a Quick Quote was developed in conjunction with Procurement colleagues to secure consultancy

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				support to assist with immediate renewable consultancy requirements (including development of items E2 and E3). This interim contract has now expired but existing commissioned work-streams will be concluded.
E2 – Delivery of Non-domestic Energy Efficiency Framework (NDEEF) Projects	(L) Commercial Services	Evidence of delivery of projects	<p>Project development work is funded by combinations of the Scottish Government and the procured provider (costs absorbed within the tender process). Funding for project implementation will come from Council approved capital allocations:</p> <ul style="list-style-type: none"> • Climate Change 20/21 - £500K • Climate Change 21/22 - £600K • Asset Sustainability – circa £100K 	NDEEF Energy Performance Contract was signed on 16 July 2021. The original NDEEF mini project list has either been installed or deleted by variation. Outstanding works are now effectively those mini projects introduced to the overall project to replace deletions. Main items outstanding are a couple of pv installations (including Kilmory Castle ground array which requires planning approval) and a full site solution for Cardross PS (including heating as a mandated item, solar pv, LED lighting). Balance of works are expected to conclude circa October 2022. The following renewable solutions are

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>being/have been delivered within the NDEEF package:</p> <p>Solar PV: Kilmory Gardens, Cardross PS, Blackhill Depot, Rothesay Pool, GWIT Centre, Lochgilphead RC, Kintyre House.</p> <p>Air Source Heat Pump: Manse Brae Roads Office, Lochgilphead CEC, Strachur Primary School, Lochgilphead RC, Arrochar Primary School. In addition to the above, the procurement sourcing strategy for the next batch of sites, using designation NDEEF2, is under way.</p>
E3 – Delivery of additional solar installations at Council assets	(L) Commercial Services	Evidence of delivery of projects	Consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.	Solar pv Options (initial feasibility work completed for circa 9 sites) – some opportunities absorbed within NDEEF (Ref item E2) as project replacements due to accommodation reviews. A ‘mop up’ of remaining project prospects intended to be market tested as a component within an upcoming solar pv

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				maintenance contract (FQ2-3 2022/2023).
E4 – Delivery of Water Efficiency Audits across our Estate	(L) Commercial Services	Evidence of delivery of projects	Feasibility work being absorbed within existing approved budgets. Individual works items are generally small scale and it is proposed to utilise existing approved budgets where possible.	Significant Council wide asset verification exercise and ensuring water use minimised. This project will continue throughout calendar year 2022 when a case study will be prepared to demonstrate the range of tasks being undertaken and to convey the reduction in water consumption (with carbon emissions reduction) and costs arising from this already successful project.
E5– Delivery of Energy Efficiency Scotland Programme	(L) Housing Services, Registered Social Landlords	Evidence of delivery of projects	Funding amounts are determined by localised factors and is paid as a proportion of the Scottish Governments’ Heat In Buildings Strategy	Works which required Contractors to enter households were delayed by continued Covid-19 restrictions but were able to be replaced by external measures ensuring the programme continued. The Scottish Government have confirmed an award of £2,011,323 for the 2022/23 Area Based Scheme.

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
E6 – Complete LED streetlight replacement programme	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Fully funded through prudential borrowing	We are in the process of appointing contractors to upgrade Street Lighting in the Lorn Area where we are still to replace approx. 1100 no. Luminaires. The Council has 14442 streetlights in total so carbon emissions have already been greatly reduced by the LED Upgrade Project. 2020/21 figures were CO2 Totals 889 tonnes, this has been reducing year on year, back in 2015/16 figures were CO2 Totals 3140 tonnes. The last of the projects installation / upgrade phases will be completed in August/September 2022.
E7 – Continue support of ABRA and review Renewable Energy Strategy annually	(L) Economic Development	Evidence of delivery of projects	Officer resource to support currently funded	Work to support ABRA ongoing. ABRA exhibited at All Energy in May 2022. Current ongoing project by SSE Networks for renewal of powerlines between Inveraray and Crossaig. Possible extension being discussed. Work commenced on outline business case for progressing

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				Islay Energy System work through the Rural Growth Deal. Islay announced as one of the Carbon Neutral Islands being progressed by the Scottish Government which is expected to complement this work.
E8 – Continue support for offshore development of renewables	(L) Economic Development	Evidence of delivery of projects (expected late 2020s/early 2030s)	Officer resource to support currently funded	Offshore wind allocation off Islay is confirmed in Marine Plan. Scottish Power Renewables have secured an option on the site through the Scotwind Leasing Process. The Crown Estate Scotland is expected to launch Innovation and Targeted Oil and Gas (INTOG) leasing in August 2022 which could allow seabed rights for small scale (less than 100MW) innovation projects.
T1 – Develop a Fleet Replacement Strategy supportive of fuel efficient, electric and hybrid vehicles	(L) Roads and Infrastructure Services	Adoption of Strategy	Part for current financial year	The Strategy is complete, final review will take place to ensure the 2025 legislative changes are included. The council have introduced hybrid and electric vehicles to the Fleet. The

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				council operates 14% of its Fleet with the new technology.
T2 – Develop a vehicle routing system that will reduce road miles for operations	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Part for current financial year	The Council went to tender earlier this year for route optimisation and had a number of bidders. Officers have gone through the selection process and a preferred bidder has been chosen and their bid is within the budget available. Arrangements are being made for a demo from the preferred bidder and subject to that being successful should be moving towards a contract award in early course
T3 – Develop an electric vehicle infrastructure strategy	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Part for current financial year The development of the EV network is funded by external grant monies from Transport Scotland, and the costs of developing the strategy in terms of staff time are covered via existing budgets Ultimately the cost recovery model	Good progress has been made with the Council's EVC strategy. Charging has been in place for over a year now and the fees appear to be covering the council's costs although there have been some problems with cash flow from the new national back office supplier – this is an issue being experienced by all local authorities and something we are picking up as a group. In

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>terms of public use, this continues to increase and while there have naturally been some queries and complaints about the introduction and operation of charging, these have been minimal. The future installation/expansion plan – specific sites and high level criteria – has been to public consultation (this was pushed back slightly in the programme due to the local government election and pre-election restrictions). The main headline from the consultation is that 75% of those responding support the expansion strategy.</p> <p>With the draft expansion plan in place we are working with Scottish Futures Trust/Transport Scotland and with the aid of grant monies going through a procurement process to appoint a consultant who will financially model/estimate site works costs so we then have a clear</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>picture on a site by site basis of likely costs which will then inform any future funding applications and should ultimately streamline that process. The Scottish Government has published a draft vision for EVC development which, among other things, includes a number of options for local authorities to consider in their own expansion plans, from a concession model to public private partnership to local authority-only plans. We are currently analysing these different models and how they would or could apply in our context.</p> <p>When the above workstreams are completed we will be in a strong position to deliver on the 55 sites outlined in our expansion plan and to apply for the new Scottish Government fund when it comes online. Officers are also working with HiTRANS on their FASTER programme which had</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				identified eight sites in Argyll and Bute for installations. With the rising costs of construction etc, the original scope across the region was considered to be unaffordable and we are working with HiTRANS, Western Isles and Highland to revise that scope to take advantage of the funding available
T4 – Support Digital by Default theme Service Review & Recovery Plan to reduce need to travel	All Council Departments	Evidence of delivery of projects	Part for current financial year	Council is adopting ‘Our Modern Workspace’ programme and Digital First approach as services change and evolve post pandemic.
T5 – Develop new active travel plans for Council buildings and our towns	(L) Economic Development	Evidence of delivery of projects	Part for current financial year No active travel funding is provided by Council. External competitive challenge funds are time consuming to secure and work has to be shaped to fit with external funders aspirations and requirements. However, at present these are the only available source(s) of potential funding to deliver active travel improvements.	The purpose of active travel plans, for buildings or towns, is to help direct and implement change to encourage and make it as easy as possible for individuals, businesses and visitors to choose to walk, cycle or take public transport for journeys. Increasing activity and reducing sedentary behaviour has significant health benefits and can increase accessibility to

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>essential services, education, employment, retail and leisure. Walking and cycling are lower cost travel modes and, if they are a viable option, can help households reduce their reliance on private cars, particularly multiple car households.</p> <p>No Council funding is currently expended on genuine Active Travel work, with all costs, including internal staff costs (1.3FTE), having to be funded via successfully securing external challenge funds. As all active travel work is currently reliant on securing external funding, therefore the projects which are progressed are those which can successfully secure external challenge funding.</p> <p>Council Staff Travel Plan: The Staff Travel Plan will focus on measures to make it easier and preferable for staff to choose to walk, cycle, use public transport or car share to commute to work or for work journeys, or use economical</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>Council vehicles for work journeys. The travel plan should encourage staff to choose the most economical and least environmentally damaging travel mode. Engagement of services which manage staff in building and/or council buildings is essential to creating deliverable and effective travel plans for Council staff. This includes Estates, HR, SMT and building users. It is recommended that work on the Council Staff Travel Plan is commenced after a decision has been made on future staff working patterns and office rationalisation as these will have a significant impact on the Council Staff and their travel. There is currently no funding secured to enable this work to be progressed.</p> <p>Active Travel Plans for Towns: There are Active Travel Plans in place for the main towns in Argyll and Bute, albeit some</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>are now quite historic. The town Active Travel Plans focus on identifying potential active travel route networks for key towns. These provide a framework for the development of new active travel routes, which will enable and encourage residents, businesses and visitors to choose to travel more actively. No funding is currently secured to enable the Active Travel Plans for towns to be updated.</p> <p>Argyll and Bute Active Travel Strategy: It is recommended the Committee instruct Officers to develop an Argyll and Bute Active Travel Strategy and present it to full Council for approval within 18 months of Committee instruction. The Active Travel Strategy would provide the overarching context for the Council to support and promote active travel across the Council area.</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				No funding is currently secured to enable the Active Travel Strategy to be developed.
PA1 – Review Council Flooding & Coastal Protection Policy	(L) Roads and Infrastructure Services	Review of policy	No specific funding in place, research required to impact on operation costs	Reviews are in process.
PA2 – Review Council Sustainable Procurement Policy	(L) Procurement	Review of policy	No specific funding in place, research required to impact on operation costs	This policy is reviewed on an annual basis.
OFF1 – Develop opportunities for Carbon Offsetting with ACT and partners	(L) Climate Change Board, ACT and partners	Delivery of projects	Limited funding via ACT for existing projects	ACT have completed Phase 1 of native woodland planting on Argyll and Bute Council land around Kilmory, under compensatory planting agreement with SSEN. 22 hectares now completed, with deer management and follow up programme in place. Phase 2 planting scheduled for winter 22/23. ACT have also cleared Invasive Rhododendron ponticum from 18 hectares of native woodland around Kilmory with support from the Nature Restoration Fund 21/22. ACT and SSEN are discussing further non-

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>compensatory planting, with potential for Carbon Credits. Argyll and Bute Council Policy and Resources Committee have supported this proposal.</p> <p>ACT's peatland restoration project CANN concludes in September '22 with over 500 hectares of peatland improved, two Conservation Action Plans and 4 -years of endangered species monitoring and surveys being completed. ACT have secured support for a follow on project, restoring peatland and building on community resilience and capacity. ACT will be supported by Esmee Fairbairn Foundation, Peatland Action (NatureScot) and are in discussion with Islay distilleries to design a sustained programme of investment. All of ACT staff are now Carbon Literacy Trained, and ACT is registered as a Carbon Literate Organisation, and is now accredited as a Carbon Literacy Training provider. 68</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>community members have been trained via the ACTNow project. 92 tonnes of CO2 have been saved through ACTNow's bike refurbishment project, and 23 good as new bikes have been gifted to community members in Mid-Argyll. 3700 kg of food has been saved from landfill and redistributed to Mid-Argyll residents, and 264 volunteer hours have been recorded over 40 events run by ACT with a climate focus. A legacy of the ACTNow project is the ACT Hub at Blarbuie offering tools and equipment to help community members to reuse, repair and recycle. A follow on project is now in place, funded by Smarter Choices, Smarter Places via Argyll and Bute Council, including cycle and ebike training and workshops. ACT partnered with Cove Park artists residency to become one of 7 Climate Beacons for COP26, which used Argyll's Rainforest as its inspiration for</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				work with film-makers, school children from Lochgilphead and Helensburgh, and artists. The project was supported by Creative Carbon Scotland.
COMM1- Develop and deliver Communications Plan to support Decarbonisation Plan	(L) Climate Change Board and Communications Team	Delivery of Communications Plan	Part of Communications Support	<p>External communications We continue to promote actions the council is taking, and actions that others can take, to develop climate-friendly Argyll and Bute. For example:</p> <ul style="list-style-type: none"> • Promotion of EV charging points consultation on social media, press release, website and weekly news round-up. • Infrastructure plans, including £170k investment in low emission council vehicles • Green flag awards in schools • Promotion of outdoor nurseries

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<ul style="list-style-type: none"> • Reinforcement of climate-friendly Argyll and Bute brand eg with Waste Strategy Manager vacancy, and reduce your food waste promotion • Delivery of school meals using drone • Promotion of Community Development climate proof training • Islay plans to become carbon neutral by 2040 • Pippa's podcast on social media about how to save the planet and your purse • Home Energy Efficiency Programme • Carr Gomm staff using bikes instead of cars • Lochdonhead won Woodland Trust Green Trees Award

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
COMM2 - Engage with community and partners and deliver Climate Change Directory for our region	(L) Community Planning and Development Team	Delivery of engagement map	In place until end of financial year	<p>Web page is active and live https://www.argyll-bute.gov.uk/cpp-climate-change</p> <p>Community Groups and initiatives mapped and promoted on website. Input to and reporting back from the Community Planning Partnership Climate Change Group.</p> <p>Regular update of webpage directory. Ongoing dialogue with Community Planning Partnership.</p> <p>2 x Meetings have taken place with Argyll and Bute Branch of National Farmers Union (NFU) and workshop currently being scoped out to explore Climate Change opportunists across the Agricultural and Land Use Sector. Headline topics likely to include :- Sustainable Upland Farming, Planting for Carbon Sequestration, Dairy Industry and Suckling Beef.</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
COMM3 - Monitor the delivery of actions in the Climate Change Action Plan and review in 2024	(L) Climate Change Board	Review of this plan by December 2024		Monitored through Tracker to be submitted quarterly to Policy & Resources Committee. Completed – next review Dec 2024

APPENDIX B – Climate Change Case Studies

CASE STUDY 1 – ISLAY CARBON NEUTRAL ISLAND

[Green light for Islay's carbon neutral future \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk) – 19 May 2022

A reduction in fossil fuels and increased use of renewable energy sources – these are just some of the ambitions for Islay's carbon neutral future.

Islay is one of six Scottish islands, announced by the Scottish Government to become fully carbon neutral by 2040. The initiative is part of the Carbon Neutral Islands project, aimed at supporting islands to achieve their carbon neutral ambitions.

Argyll and Bute Council recommended Islay as an ideal candidate for inclusion due to the mix of potential energy sources on the island including offshore wind proposals and potential tidal schemes. In addition, there are opportunities to capture carbon through peatland restoration on the island.

CASE STUDY 2- PROMOTION OF DE-CARBONISATION PLAN

[Council takes steps to achieve net zero target \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk) – 9 Dec 2021

Argyll and Bute Council re-affirmed its long-term commitment to tackling the climate emergency and achieving its ambitious net zero emissions targets.

The latest version of the council's Decarbonisation Plan was approved in December 2021. This sets out the council's three-year strategy for tackling climate change and achieving net zero emissions across Argyll and Bute.

Argyll and Bute is a leader in wind and hydro power production and its sparse population, high forest, peatland cover and a low number of polluting sources means it is already one of the lowest net producers of carbon in the UK and almost carbon neutral, far ahead of most other regions.

CASE STUDY 3 – MAKING OUR FLEET GREENER

Installation of Electric Vehicle (EV) Chargers for Council Fleet Vehicles - Case Study (June 2022)

Introduction

Argyll and Bute Council has been offered grant funding, through the Energy Savings Trust Switched on Fleets programme to procure a number of electric/hybrid vehicles and charging points for use by Council fleet vehicles. This case study provides a high level of information in respect of the process involved from securing grant funding through to eventual installation of the funded EV charging points.

Description

Joint working arrangements were agreed between the Council's Fleet Management and Property Services personnel late in 2020 to make a 20/21 funding application for a number of charging points up to a value of £50K. Due to deadlines, a quick turnaround was required to undertake the main tasks:

- Establish spare electric capacity in buildings (timelines precluded new connections).
- Match buildings with spare electric capacity to demand for EV vehicle usage; spread across area.
- Arrive at list of locations with EV sizes/quantities dictated by available electrical capacities.
- Specification drawn up considering SwitchedonFleets requirements also.

- Procurement exercise undertaken using local term contractors, with them engaging specialist sub-contract.
- Application for funding request made to SwitchedonFleets with later request for additional funding; all approved.
- Works orders placed with local term contractors.
- Specialist sub-contractor surveys identified need to vary original intent with additional costs.
- Works completed and paid for 2021; grant funding received.
- EV registered with ChargePlaceScotland and made available for use.

Final list of sites with newly installed EV detailed in table below.

Site	Town	No. Connection Points
Helensburgh and Lomond Civic Centre	Helensburgh	4 @22kW each (dual free standing units)
Corran Halls	Oban	4 @22kW each (dual free standing units)
Baliscate Depot	Tobermory	1 @ 7kW (single wall mounted unit)
High Street Depot	Rothsay	1 @ 7kW (single wall mounted unit)
Blackhill Depot	Helensburgh	4 @22kW each (dual free standing units)

Note: charging times vary depending on vehicle and connection point.



Images of free standing dual EV charging units, with marked parking bays, installed at Helensburgh and Lomond Civic Centre

CASE STUDY 4 - NON-DOMESTIC ENERGY EFFICIENCY FRAMEWORK (NDEEF) PROJECT - (June 2022)

Introduction

Carbon emissions associated with the Council's estate and buildings accounts for over 20% of the Council's overall carbon footprint. These emissions arise from use of electricity, gas, heating oil and water in premises. Switching to more efficient technologies not only benefits both energy consumption and energy cost but also improves 'green credentials'. Against this background, Argyll and Bute Council have utilised the Scottish Government Non-Domestic Energy Efficiency Framework (NDEEF) to deliver a range of Energy Conservation Measures (ECM's) at 11 No. Council properties. The delivery of these ECM's not only reduces energy costs but also contributes to the Council meeting Climate Change targets. This case study

provides a high level of information in respect of the process involved from project inception through to eventual installation of the ECM's.

Description

In late 2020 approximately £1.2Million of viable project work was identified across 11 No. assorted council premises delivering anticipated annual savings of £123k which represents a payback of 10.2 years. A Commodity Sourcing Strategy for Energy Efficient Solutions was conducted and the use of the NDEEF was selected as the preferred delivery mechanism. A DMT Paper to utilise the NDEEF was approved in mid 2021 and a tender exercise was subsequently carried out. ECM installation works commenced in late 2021 and will be complete by July 2022.

The following properties were selected for the NDEEF on the basis of perceived opportunities for energy efficiency savings and because previously identified capital works to replace the oil fired heating systems were required to be delivered at some of the locations:

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

Works content included the introduction of energy efficient LED lighting, improved heating and ventilating controls, installation of air source heat pumps and solar PV. A full list of the ECM's selected is included below:

ECM	Annual Saving		
	kWh	CO2 (tonnes)	£
LED Lighting Upgrade	225,968	62.7	27,521
Solar PV	192,140	53.3	22,241
High Efficiency Air Handling Unit	226,000	41.6	4,475
Building Management System (BMS) Optimisation	237,343	69.1	17,865
Air Source Heat Pump (ASHP)	420,842	105	17,704
Boiler Optimiser	233,588	42.9	4,625
Refrigeration Optimiser	7,980	2.2	862
IT Server Room Cooling Upgrade	111,813	31	13,698
Swimming Pool Pump Control	70,300	19.5	9,139
Electronic Thermostatic Radiator Valves	5,800	1.8	201
Pipework Insulation	23,292	1.7	1,413
Air Conditioning System (A/C) Optimiser	29,674	8.2	3,858



Images of ASHP at Arrochar PS and Strachur PS



Image of Solar PV at Kintyre House, Campbeltown.

Next Steps

A second NDEEF project is planned for commencement in 2023. It is anticipated that it will be of a similar size and scale to the current NDEEF project. Preliminary steps are underway to develop and refine a list of buildings for inclusion in the project.

Useful Links

[Non-domestic energy efficiency framework over £1m projects 2020-2024 - gov.scot \(www.gov.scot\)](https://www.gov.scot/non-domestic-energy-efficiency-framework-over-1m-projects-2020-2024)

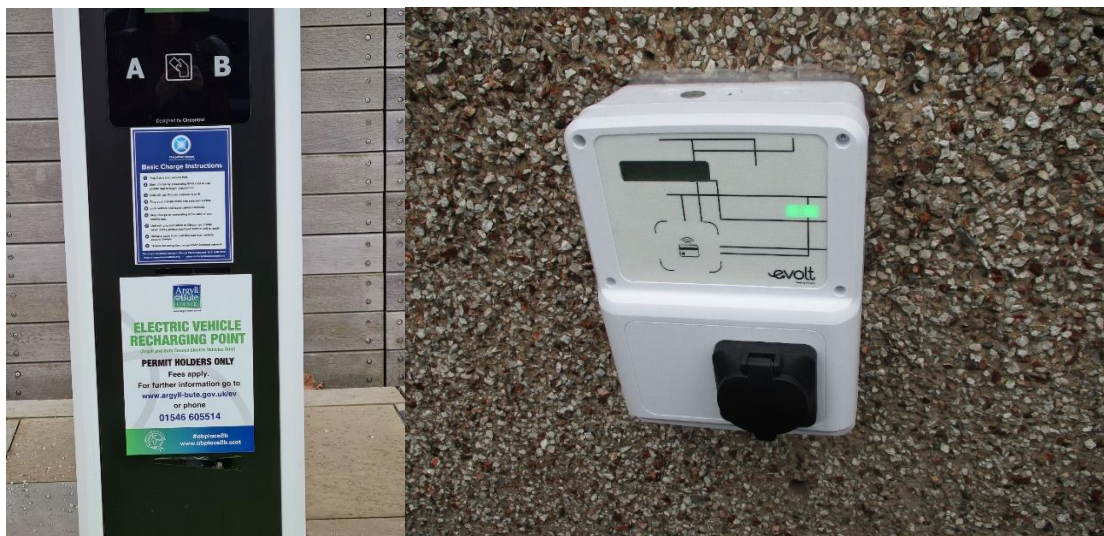


Image of free standing dual EV charging unit installed at Helensburgh and Lomond Civic Centre with instructions for use; Image of single wall mounted EV charging unit installed at High Street Depot, Rothesay.

Next Steps

Similar joint working arrangements were agreed to make a 21/22 funding application for a number of charging points (value £33.4K). Local term contractors have again been appointed to undertake works which are scheduled for implementation in 2022. Planned additional EV chargers are detailed in table below:

Site	Town	No. Connection Points
Helensburgh and Lomond Civic Centre	Helensburgh	2 @22kW each (dual free standing units)
Jacksons Quarry Depot	Oban	2 @22kW each (dual free standing units)

A financial/budgetary reconciliation is required as the use of buildings electricity for vehicle charging replaces previous vehicle fossil fuel use.

Useful Links

- [Switched On Scotland Phase Two: An Action Plan For Growth \(transport.gov.scot\)](https://www.transport.gov.scot/publications/switched-on-scotland-phase-two-an-action-plan-for-growth/)
- [j457836-06 | Transport Scotland](#)

CASE STUDY 5 - RENEWABLE SOURCING STRATEGY - (June 2022)

Introduction

Scotland has achieved many milestones in renewable energy, particularly in wind energy generation. Renewable energy is essential to the future of our planet and Scotland has already carved a place in the forefront of the power revolution. It is now a global leader in sourcing electricity from its substantial natural resources.

This case study provides a high level of information in respect of some of the work undertaken by Argyll and Bute Council in assessing the optimal opportunities for installation of renewable technologies through to eventual installation of same. Renewable energy will continue to play a

central role in meeting both Scotland's and Argyll and Bute Council's target of net-zero greenhouse gas emissions by 2045.

Description

Argyll and Bute Council, in conjunction with a specialist consultant, has assessed the bulk of its estate (over 1,100no. land/property assets) as part of the Council's Renewables Sourcing Strategy (RSS1). This strategic assessment included evaluation of mature renewable technologies in conjunction with a screening of the Council's land/property asset information to identify and rank (using key benefits criteria) the most appropriate renewable energy installations. This strategic assessment and ranking has ensured that projects are prioritised, avoiding a potential 'scattergun' approach.

All of the most viable projects (summarised herein) have now been delivered. Projects have been funded on a 'spend to save' basis and have accessed supportive UK Government funding such as Feed-in-Tariff (FIT) and Renewable Heat Incentive (RHI).

Consequently, Argyll and Bute Council now has 13no. biomass installations, with installed capacity of circa 3.2MW, using combinations of wood pellet and locally sourced wood chip for fuel. A further 140kW biomass boiler was integrated into the recently constructed Mull Progressive Care facility, a joint project between West Highland Housing Association, National Health Service and Argyll and Bute Council.



Image of off-site manufactured biomass boiler-house installed at Ardrishaig Primary School and some of the roof mounted solar pv panels installed at Hermitage Primary School in Helensburgh.

To provide a sense of scale, Argyll and Bute Council has steadily reduced its heating oil consumption over the last 15 years by approximately 70% (from circa 23 Million kWh of oil per annum to circa 7 Million kWh per annum) largely through fuel conversions to biomass/gas fuel sources with lower cost and carbon emissions.

Despite electrical grid constraints, Argyll and Bute Council has also installed around 1.1MW of solar photovoltaic panels across 19no. sites, mainly on school buildings. A particular

challenge that was overcome included the need to make contractual provision for renewable installations on PFI/NPDO schools. Fortunately, all parties cooperated to ensure successful project delivery alongside existing school contract arrangements.

A single 60kW wind turbine has also been installed on a landfill site on the Isle of Mull, named 'Miss Hoolie' by local school children.



Images of 60kW wind turbine at Glengorm landfill site on the Isle of Mull taken at

the time of the 'Miss Hoolie' naming ceremony.

Next Steps

Given the deemed success of the RSS1 and subsequent technological advancement, political landscape change, alternative funding stream availability etc, Argyll and Bute Council is currently working towards a second phase of whole portfolio renewables assessment (RSS2). This is identified as a target in the Climate Change Action Plan which is an integral component of the Argyll and Bute Council Decarbonisation Plan.

CASE STUDY 6 - CURRICULUM FOR EXCELLENCE

Curriculum for Excellence sets expectations for the teaching and learning climate change and climate action within the experiences and outcomes and under the umbrella of Learning for Sustainability. There is a wide variety of climate action activities and projects throughout education establishments in Argyll and Bute.

In a recent survey (May 2022) of schools in Argyll and Bute, we received 22 responses. Most schools have studied Climate Change within the past 3 years, use outdoor learning regularly, grow their own vegetables and have a litter campaign. Almost half of them have achieved the Green Flag, from Eco-schools, in the past 3 years, with at least 2 reporting their 7th Green flag achievement. Other projects include: The Big Wheel and Walk (national competition organised by Sustrans which is a fortnight of walking or cycling to school), The Queen's Green Canopy: national tree planting, RSPB Big Birdwatch, John Muir Award, RHET Royal Highland Educational Trust (food and farming projects).

The following 7 case studies are some examples of good practice in Argyll and Bute schools.

CASE STUDY 7: SCHOOLS CLEAN AIR DAY

Rhunahaorine Primary School



On Thursday 16th June the children from Rhunahaorine Primary participated in Clean Air Day, the UK's largest campaign on air pollution run by the charity Environmental Protection Scotland (EPS). This is the third year the children have taken part.

All of the children did a traffic survey. The school is on the A83 which is the main road on the Kintyre Peninsula leading to Campbeltown. As well as helping the children think about air pollution infants were introduced to tally marking and the older children produced more complex graphs with their results.

The pupils are continuing to embrace the anti-pollution theme with activity colouring books sent from EPS. These promote walking, cycling, electric cars and caring for nature.

CASE STUDY 8: YOUNG STEM LEADERS AND AMBASSADORS

Kilcreggan Primary School

Young STEM Leader Programme As part of earning their Young STEM Leader 2 award, pupils decided to hold their own climate conference in school, presenting to all other classes. As part of this, they created working models of various renewable energies and also used models and demonstrations to demonstrate the impacts of climate change and global warming. They also did comprehensive research to create impactful, informative PowerPoints to accompany their demonstrations.

We used the STEM Ambassador programme to host visitors virtually to all classes across the school. We had renewable energy engineers, civil engineers and climate scientists and also Polar explorer Craig Mathieson who does a lot of climate action work.

Kilcreggan STEM Google Site Pupils have recorded and shared much of their learning on our STEM Google site, visible to all staff and pupils.

CASE STUDY 9: ECO-HOUSING PROJECT

Kilcreggan Primary School

The final project this year was a design challenge based on ECO housing. Pupils were researching the makeup of the Scottish landscape and how certain natural resources are used. To take this idea further they were presented with a brief to design an ECO friendly museum, which would celebrate the local surrounding environment while having as small a carbon footprint and energy consumption as possible. This was a great project where the

pupils really outdid themselves. Again this referred to the central themes of sustainability, the global goals and also climate change.

CASE STUDY 10: TREEMAZON

Barcaldine Primary School

In response to COP26, learning about Climate Change and taking part in the Argyll and Bute Education Climate Summit, pupils from Barcaldine Primary School decided to take action. Their proposal was to set up a tree nursery using locally sourced seed. After researching how to collect, store and sow seeds, pupils and families gathered seeds over a few weeks in autumn. Species included oak, rowan, hazel and birch. Growing beds and pots were prepared by the children and protective boxes, to keep unwanted mice out, were built by parents. Seeds were sown and labels made for each garden plot.

Over winter and spring, we waited, and watered, and waited, and weeded... and waited. The children took responsibility to care for the nursery and created a rota of jobs. They suggested and voted for a name for our nursery and designed logo. The chosen name was 'Treemazon', which makes a lovely connection to our own local Atlantic Rainforest.

Finally, in late spring, growth was spotted. We now have a very fine crop of oak seedlings, a few hazels and the birch are just appearing. Once the seedlings are more established we plan to share them with the community. We also have a contact regenerating a woodland croft and plan to get involved with that next year.

Then of course, in autumn, we will start collecting seeds again, and expand our business further.



CASE STUDY 11: CLIMATE ACTION AND THE WORLD OF WORK

Bowmore Primary School

COP26 in 2021 provided the perfect hook for an introduction to teaching climate change and linked appropriately to our action plan for our next Eco School's Scotland Green Flag award. By teaching the children about the goals selected at COP26 the upper primary children were introduced to the impact and benefits of transport on our environment, food miles, shopping

locally and how to reduce our carbon footprint. The IDL was social studies, topical science and literacy focused.

We took part in Google Meets on offer from our local authority to learn on peat restoration projects and why this is relevant to our local community and environment. Our world of work and distilling topic in term 4 April 2022 then retrieved all of the knowledge learned in the previous IDL as the pupils understood the use of peat in many local distilleries used to make whisky which our island is famous for.

The final presentation and assessment was a talking and listening focused based round designing and creating a sustainable distillery cooperatively in terms of the resources water, peat usage, electricity and using locally sources items to reduce impact on the environment. The pupils presented their work and applied their knowledge of the learning which took place on their visit to Bowmore distillery and in class to explain roles, responsibilities, skills and scientific processes for each job in the areas of the distillery.

CASE STUDY 12: PORT ELLEN DENIM

Port Ellen Primary School

This year the whole school did an in-depth piece of interdisciplinary learning on the topic of Climate Change linked to the COP26 conference. Part of this was looking at the impact we were having on the Earth in terms of it's resources and how the way we lived was detrimental to the environment. Children did their own carbon footprints and looked at the Earth Overshoot Day...we were all horrified!

Part of our learning was about waste linked to fashion. We had a contact at Arkdefo, a company that reuse denim, and this inspired us in designing with fabrics/denim, learning practical craft skills and developing an understanding of how we can live more sustainably.



CASE STUDY 13: FOOD SHARE WITH THE COOP

Inveraray Primary School

We have been an Eco School for many years and interested in environmental projects. The Food share project has been a positive addition to the work that we are currently doing.

The food Waste work has involved combining a number of elements in our school:-

1. We have introduced the Sustainable Development Goals as part of our every day school work, linking what we do in class to the Sustainable Development Goals.
2. Our Eco topics are "Food and the Environment" and "Zero Hunger". We have been learning about food labelling, the importance of local produce, how to reduce packaging and where our food comes. We have raised awareness of these elements through a One Planet Picnic where all pupils and staff in our school brought in a packed lunch with minimal packaging, where possible locally sourced and enough food so we did not have to bin any.



3. We have had support from the ACT Now project to set up a system with the Co-op where any ambient food waste is collected from the Co-op and distributed on a Monday, Tuesday and Wednesday. As children have been learning about food waste and the need to reduce this we have used this food in a number of ways:-




Early Level Class – learning about food by using items in their play, mud kitchen and tough trays. Helping to prepare snack and incorporating the fruit and vegetables supplied.



Primary 1 – 7 – Food is distributed to all classes. Some is used as part of a class snack and some is taken home to be used at home. All children have access to the food. We have kept a tally chart of number of items we have received from the Co-op and the Eco Committee have helped to count and distribute the food to the classes. In the next school year we will start weighing the amount of food we receive. Act Now have also funded workshops for us with Highland Herbal to show the children how to preserve foods. Our children are more aware of where their food comes from. They can talk about labelling, packaging and food preservation. The younger children have been exposed to a wide variety of food in their play and can talk about colour, textures and names of different fruit and vegetables. They have also tasted a wide variety of fruit and vegetables. Our older children understand the issues in using single use plastics and the importance of reducing waste around the planet. The Co-op Food share Scheme is a great venture, it genuinely prevents good food going to waste and offers it back to the local community. We are very grateful to Inveraray Co-op for

their support and look forward to continuing this work in the future. We are in the processing of building a Community Garden and we hope to continue developing children's knowledge and experience of where our food comes from, how to grow food and how to prepare and preserve food.

CASE STUDY 14: TREE PLANTING PARTNERSHIP WITH SSEN TRANSMISSION

 This image cannot currently be displayed.

ACT-ing in partnership to support Scotland's rainforest

SSEN Transmission and leading community and conservation organisation, Argyll and the Isles Coast and Countryside Trust (ACT), and Argyll and Bute Council have joined forces to help deliver SSEN Transmission's compensatory tree planting commitments and in doing so, help support and enhance Scotland's rainforest in Argyll.

Argyll's rainforest, also known as Atlantic woodland, temperate rainforest or Celtic rainforest, is a unique and rare habitat of ancient and native woodland, open glades, boulders, rocky cliffs and river gorges. Scotland is now the last stronghold for this habitat that was once widespread along the Atlantic coast of Europe. The mild, wet climate of the west coast of Scotland provides perfect growing conditions for this diverse habitat that supports a variety of plants and animals. The ground-breaking partnership will see ACT help deliver SSEN Transmission's compensatory tree planting relating to its Inveraray-Crossaig transmission project, with the initial phase of planting underway on Argyll and Bute Council's sites near Lochgilphead in Argyll. By planting native species, the planting will support local flora and fauna, creating natural habitats for native species to thrive, supporting SSEN Transmission's commitments to deliver biodiversity net gain and compensatory planting on all its major projects.

The planting will also create a natural asset for the local community to enjoy for generations to come, leaving a positive lasting legacy beyond SSEN Transmission's primary objective of delivering a network for net zero emissions across the north of Scotland.

The partnership was formally announced this week in Lochgilphead, with members of SSEN Transmission, ACT, and Argyll and Bute Council coming together to undertake some of the initial native species planting.

Richard Baldwin, Head of Consenting and the Environment for SSEN Transmission, said:

"I'm really excited about our partnership with ACT to deliver our compensatory planting for our Inveraray-Crossaig project. By working in partnership with local experts we can ensure our compensatory planting focusses on the right species, in the right locations, to deliver the right outcomes for the local communities in which we operate.

"Argyll's rainforests are a truly stunning and precious resource and we're delighted to be playing a small part in helping ensure the long term sustainability of this nationally significant natural asset. You can't help but be mesmerised when you first discover Argyll's rainforest and ACT's dedication and passion to protect and enhance this wonderful natural asset is great to be part of.

"As we continue to deliver a network for net zero emissions across the north of Scotland, we are committed to doing so in a responsible and sustainable way, helping sustain and enhance the local habitats in which we operate. We look forward to building on this initial planting project with ACT and other community organisations across the north of Scotland, leaving a positive legacy for generations to come."

Ross Lilley, ACT Chairman, said:

"This partnership with SSEN Transmission and Argyll and Bute Council has been a very significant one for ACT as we've been able to create new native woodland sites which is an important part of Argyll's Rainforest Strategy.

*"By improving existing woodland, as we have recently done at Kilmory and Glenan woods with extensive *Rhododendron ponticum* removal, and gradually linking up the clusters of Rainforest with new planting, we can create corridors for the rare species that are unique to our Rainforest habitat to thrive.*

"Argyll is incredibly fortunate to be home to more than half of Scotland's rainforest and to ensure that it is safeguarded, we will need a partnership approach from businesses, communities and agencies. This agreement between SSEN Transmission, ACT and Argyll and Bute Council is a great example of what can be achieved."

Ross McLaughlin, Head of Commercial Services at Argyll and Bute Council said:

"It's important that we take all steps we can to make day-to-day life in Argyll and Bute climate-friendly. We are pleased therefore to support this woodland conservation initiative. Becoming climate-friendly is about developing sustainable ways of living and working, to protect the planet on which we all depend for our future generations."

ENDS

Notes to editors:

- Photographs will be available from 12 noon on Wednesday and will be circulated.

- ACT is a community-led organisation and registered charity, established in 2014. Their mission is to sustainably maintain, enhance and promote the coast and countryside of Argyll and the Isles. <https://www.act-now.org.uk/>

About SSEN Transmission

- SSEN Transmission, operating as Scottish Hydro Electric (SHE) Transmission plc, owns, operates and develops the high voltage electricity transmission system in the north of Scotland and remote islands.
- SSEN Transmission is part of SSE Group – the UK and Ireland’s clean energy champion.
- SSEN’s strategic priority is to enable the transition to a low carbon economy through building the transmission infrastructure necessary to connect and transport renewable energy.
- <https://www.ssen-transmission.co.uk/>



Ross McLaughlin ABC; Ross Lilley ACT; Richard Baldwin SSEN Transmission

CASE STUDY 15: SCHOOL CLOTHING BANK

The Council has been working with community groups and voluntary organisations across Argyll and Bute Council to launch phase 1 of the school clothing bank. The aim is that no child should feel like they are going to school in the wrong clothes. By the end of phase 2 in December 2022 we will be able to provide a good quality reused school uniform for every Early Learning Centre, Primary and Secondary school across Argyll and Bute.

We are working with Helensburgh Parish Church, Kintyre Recycling Limited, Inspiralba, Dunoon Youth Centre Hub and Fyne Futures in the areas of Helensburgh, Dunoon and

Rothesay to make the Clothing Bank happen. We have also had great engagement from schools and parent councils across these areas. The Clothing Bank will eventually cover urban and rural schools in those areas too. In Dunoon, Rothesay and Campbeltown the secondary schools are looking to use the project to create Social Enterprise opportunities for pupils in their schools. The Social Enterprise Academy will provide support to Rothesay Academy in looking at opportunities in this area to create a social enterprise. Over the summer and into August we will speak to schools in Mid Argyll, Oban, Lorn and all of the Islands as phase 2 of this roll out in order to ensure there is provision across the area for these services. We are currently developing our web content, e-form and a communication strategy to link the provision together. Finally we are looking for a brand name linking the uniform to climate change and saving the planet to really pull the project away from the stigma that surrounds clothing bank and anti-poverty.

CASE STUDY 16: HOUSING SERVICES AND FUEL POVERTY

Between 2018 and 2022, 909 households have received insulation measures through the Energy Efficient Scotland: Area Based Scheme (ABS). Insulation measures make homes warmer, reduce energy bills and in turn fuel poverty, and decrease carbon emissions. As a result of installing insulation measures to 105 households in 2021/22, it is estimated that just short of 100 tonnes of carbon emissions were saved in that period alone. The Energy Efficient Scotland programme is an area based scheme, funded by the Scottish Government and delivered by Argyll and Bute Councils' Home Energy Efficiency Project Team and will continue to run until at least 2024. The scheme offers insulation measures to private households and privately rented properties throughout Argyll and Bute. The scheme contributes to reducing carbon emissions and improving energy efficiency of homes, as well as being part of the Scottish Government's route map to an energy efficient Scotland. In 2021/22, Argyll and Bute Council continued to support Argyll Community Housing Association (ACHA) with their Warm Homes Project. In addition to previous years funding an additional £747,600 of funding was secured jointly by Argyll and Bute Council and the Scottish Government to install external wall insulation to eligible private homes in mixed tenure blocks. An additional 89 private owners were supported by receiving insulation. ACHA have also been administering a wider programme of the installation over 1000 air source heat pumps across Argyll and Bute throughout 2021/22. Through the Energy Efficiency Forum, Argyll and Bute Council will continue to support key partners on projects which will contribute to reducing carbon emissions. Through the Strategic Housing Investment Fund, Housing Association Partners are required to build properties to increasingly greener standards.



3 Aug 2021 13:11:57
#6 Longsdale Crescent

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

COMMERCIAL SERVICES

11th AUGUST 2022

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

1. EXECUTIVE SUMMARY

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

- The operation of the processes in regard to formal Asset Transfer Requests (ATR) and Participation Requests in terms of the Community Empowerment (Scotland) Act 2015;
- Current live informal Expressions of Interest (EOI's) which may become subject to a formal asset transfer request or be dealt with outwith the formal asset transfer request process;
- Current live ongoing or agreed Participation Requests received by the Council; and
- The annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

RECOMMENDATIONS

1.2 It is recommended that:

The Policy and Resources Committee note the report.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

COMMERCIAL SERVICES

11th AUGUST 2022

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

2. INTRODUCTION

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

- The operation of the processes in regard to formal Asset Transfer Requests and Participation Requests in terms of the Community Empowerment (Scotland) Act 2015;
- Current live informal Expressions of Interest (EOI's) which may become subject to a formal asset transfer request or be dealt with outwith the formal asset transfer request process;
- Current live ongoing or agreed Participation Requests received by the Council; and
- The annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

3. RECOMMENDATIONS

It is recommended that:

3.1 The Policy and Resources Committee note the report.

4. DETAIL

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

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

EXPRESSIONS OF INTEREST (EOIs)

- 4.2 There were thirteen (13) active Expressions of Interest (EOIs) (as at 31st May 2022) and all active EOIs are listed in Appendix 1. In the current year 7 EOIs have been received 1 of which was subsequently withdrawn. To date, since January 2017, 74 EOIs have been received of which 61 have been resolved or withdrawn. It should be noted that the Council has continued to engage with community groups who have had EOIs active for a significant period of time and while they remain active the requesters have not yet moved them on. There are currently no significant actions outstanding for the Council in relation to these.
- 4.3 Further, most EOIs would not progress or develop into a formal asset transfer request. EOIs are dealt with in a way that seeks to deliver the outcome required by the community group allowing the request to progress outwith the formal asset transfer process. Some EOIs are also withdrawn for a variety of reasons such as the group changing focus of what was needed, a better option becoming available or a lack of time and resources to progress their plans.

ASSET TRANSFER REQUESTS

- 4.4 The Council has put in place information, advice and guidance to community bodies who are interested in making a formal ATR and further information on this can be found on the Council's website at <https://www.argyll-bute.gov.uk/asset-transfer>. There have been 3 ATRs submitted following the implementation of the Act and as at 31st May 2022 there were no active ATRs.
- 4.5 In May 2020 the Best Value Assurance Report prepared by Audit Scotland noted that the Council had made good progress with the Community Empowerment Act but that it needed to make the process easier to follow and accessible to all communities. The Asset Transfer Request process is statutory and therefore has limited options to make changes however the Asset Transfer Group have considered the Best Value Improvement Plan and have worked to further develop the informal EOI process simplifying the approach for communities. This has also led to the development of a section of the website to promote assets suitable for groups to work in partnership with council services which will be trialled during 2022 as part of the improvement plan actions.
- 4.6 Following on from the Best Value Assurance Report the Audit & Scrutiny Committee undertook a scrutiny review of the Council's Community Asset Transfer process. The Panel concluded that:
- The Community Asset Transfer process is compliant with statutory requirements.
 - The process enables opportunity for engagement with community transfer bodies.
 - The process is supportive to community transfer bodies and communities.

The review also identified a number of recommendations which have been implemented or have been built into the processes moving forward.

PARTICIPATION REQUESTS

- 4.7 Part 3 of the Community Empowerment (Scotland) Act 2015 provides a framework for the use of participation requests by community bodies, with the intention of enabling communities to have more influence over services and decisions which affect them. Part 3 of the Act came into force on the 1st April 2017.
- 4.8 In line with the requirements of the Act, the Council has put in place a procedure which allows consideration of any requests made by community bodies. The procedure and further information can be found on the Council's website at <https://www.argyll-bute.gov.uk/find-out-more-about-participation-requests>
- 4.9 During the period 1 April 2021 to 31 March 2022, the Council received two participation request, of which one was rejected. The Council was unable to progress the request from Isle of Kerrera Development Trust as the outcome improvement was not within the capacity of the Council to deliver as the ground was not in council ownership. The request that was accepted from Garelochhead Community Council was developed in conjunction with Police Scotland and the actions agreed were in respect of road safety matters.

ASSET TRANSFER AND PARTICIPATION REQUESTS - ANNUAL REPORTING REQUIREMENTS

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

5. CONCLUSION

- 5.1 This report advises the Policy and Resources Committee on the operation, of the

processes in regard to Asset Transfer Requests and Participation Requests in terms of the Community Empowerment Act 2015 and updates on ATR's, EOI's and Participation Requests to date.

- 5.2 It is recommended that the Policy and Resources Committee note the contents of the report.

6. IMPLICATIONS

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

Douglas Hendry - Executive Director with responsibility for Commercial Services

Councillor Gary Mulvaney – Policy Lead, Finance and Commercial Services

Date: 27th June 2022

For further information contact:

Ross McLaughlin, Head of Commercial Services, 01436 658 914

David Allan, Estates and Property Development Manager, 01436 657 620

David Rennie, Partnerships Development Officer, 01700 501 371

Michael Nicol, Solicitor, Legal and Regulatory Services, 01546 604 468

Appendix 1

Current Active Expressions of Interest (as at 31st May 2022)

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

No	Organisation	Asset	Summary of Expression of Interest	Current Status
1	Mid Argyll Rugby Club (MARC)	Kilmory Pony Park show ground	Request to lease the ground for development of rugby facilities.	Terms agreed with MARC and to be reported for internal approval to proceed.
2	Islay Development Initiative	Kilarrow Stables, Islay	Request to acquire the building to convert to flats for service workers and community uses.	Main building is currently operational and part of wider assessment of office space.
3	Kirkmichael Community Development Group	Kirkmichael Park Changing Room	Request to lease pavilion and grounds for use as an office and to deliver wider services.	Group are being supported to develop their business plan for the proposal.
4	Barbara's Wildlife Rescue	Ground at Hafton, Dunoon	Request to lease / acquire ground for an animal rescue centre	Group have been seeking a suitable site and are assessing the feasibility of this site.
5	Scenic Sandbank	Former Teacher Centre Sandbank	Request to purchase the site and develop a community garden.	Group assisted to secure an independent valuation and are applying to the Land Fund to support the acquisition of the ground.
6	South Islay Development	Ramsay Hall	Request to purchase the building to redevelop the facility and operate the services.	Detailed plans provided by the group require to be assessed in conjunction with Education and the Care Commission as the proposal involves a nursery use.
7	Rhu and Shandon Community Centre	Rhu Community Centre	Request for lease to assist in applying for development funding for the building	Terms are under discussion but the approach requires to be consistent with other halls / community facilities.

8	Kilfinan Community Forest Company (KCFC)	Tighnabruaich Primary School Grazings access	Request to acquire ground to formalise access.	Group assisted to secure an independent valuation and are applying to the Land Fund to support the acquisition of the ground.
9	Dunoon Foodbank	Former Dunoon Youth Centre, Dunoon	Request for a lease of the property to continue and expand their services.	Temporary Licence to occupy granted and upgrade works costed. Lease to be concluded when group established as a SCIO.
10	Isle of Jura Development Trust	Picnic area at Craighouse Pier, Isle of Jura	Request for a lease of the site to improve the facilities and install a container for use as a bakery to support local business.	Initial stages of background checks being undertaken.
11	The Dunoon Project Ltd	Morag's Fairy Glen & Bishop's Glen, Dunoon	Request to acquire the sites to support the delivery of the wider project and improve the public access and facilities.	Initial stages of background checks being undertaken. Legal Services involved as proposal involves former reservoir.
12	Ardrishaig Community Food Growing Project	King George V Park, Ardrishaig	Request to lease part of park as a community food growing area.	Initial stages of background checks being undertaken.
13	Dunoon Youth Football League	Black Park, Dunoon	Request to take over management of the Black Park area to improve facilities	Initial stages of background checks being undertaken.

This page is intentionally left blank

Policy and Resources Committee Work Plan 2022-23

This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee.					
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
11 August 2022	Financial Report Monitoring Pack	Financial Services	Every meeting except May		
	Budget Outlook 23-24 to 27-28	Financial Services			
	Service Annual Performance Reviews	Customer Support Services	Annual		
	Amendment to Pensions Discretions	Customer Support Services			
	UK Shared Prosperity Fund – Argyll and Bute Investment Plan	Development and Economic Growth			Referred from Council 30 June 2022.
	Crown Estate and Place Based Investment	Development and Economic Growth			
	Climate Change Board Update Papers Council Carbon Emissions & Climate Investment 2022 Decarbonisation Plan Tracker & Case Studies	Commercial Services			
	Community Empowerment (Scotland) Act 2015 – Update – Expressions of Interest / Asset Transfer Requests / Reporting Requirements	Commercial Services			
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
13 October 2022	Financial Report Monitoring Pack	Financial Services	Every meeting except May		
	Budget Outlook 23-24 to 27-28	Financial Services			

Policy and Resources Committee Work Plan 2022-23

	Procurement Strategy and Sustainable Procurement Policy	Legal & Regulatory Support			
	Approach to Budget 2023-24	Financial Services			Working Group Update
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
8 December 2022	Financial Report Monitoring Pack	Financial Services	Every meeting except May		
	Budget Outlook 23-24 to 27-28	Financial Services			
Future Items – Date to be determined.					
	Key Performance Indicators FQ2 – 2022/2023 – changing to Corporate Outcome Indicators	Customer Support Services	Annual		
	Historic Environment Scotland Heritage and Place Programme – Opportunity for Place Based Heritage Funding	Development and Economic Growth			