

Public Document Pack

Argyll and Bute Council

Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



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17 November 2022

NOTICE OF MEETING

A meeting of **ARGYLL AND BUTE COUNCIL** will be held **ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS** on **THURSDAY, 24 NOVEMBER 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 5 - 16)
Argyll and Bute Council of 29 September 2022
4. **MINUTES OF COMMITTEES**

* (a) Policy and Resources Committee of 13 October 2022 (Pages 17 - 22)

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

5. **BY-ELECTION RESULT: WARD 2 - KINTYRE AND THE ISLANDS** (Pages 23 - 24)
Report by Returning Officer
6. **LEADER'S REPORT** (Pages 25 - 34)
Report by Leader of the Council
7. **POLICY LEADS REPORT** (Pages 35 - 60)
Report by Policy Leads
8. **COUNCIL PRIORITIES** (Pages 61 - 62)
Report by Chief Executive

9. POLITICAL MANAGEMENT ARRANGEMENTS (Pages 63 - 68)

Report by Executive Director with responsibility for Legal and Regulatory Support

10. 2023 REVIEW OF UK PARLIAMENT CONSTITUENCIES - BOUNDARY COMMISSION FOR SCOTLAND PROPOSALS (Pages 69 - 74)

Report by Executive Director with responsibility for Legal and Regulatory Support

11. DRAFT PROGRAMME OF MEETINGS 2023-24 (Pages 75 - 78)

Report by Executive Director with responsibility for Legal and Regulatory Support

12. 2021-22 AUDITED ANNUAL ACCOUNTS

(a) Report by Section 95 Officer (Pages 79 - 394)

(b) Recommendation from Special Audit and Scrutiny Committee held on 22 November 2022 (to follow)

13. AUDIT AND SCRUTINY COMMITTEE ANNUAL REPORT 2021-22
(Pages 395 - 402)

Report by Chair of Audit and Scrutiny Committee

14. CHIEF SOCIAL WORK OFFICER REPORT 2021 - 2022 (Pages 403 - 440)

Report by Chief Social Work Officer

15. GIGHA AFFORDABLE HOUSING UPDATE (Pages 441 - 446)

Report by Executive Director with responsibility for Development and Economic Growth

16. DUNOON PRESENTS - APPROVAL OF BUSINESS IMPROVEMENT DISTRICT BALLOT SUBMISSION AND BUSINESS PROPOSAL - THIRD BALLOT'
(Pages 447 - 548)

Report by Executive Director with responsibility for Development and Economic Growth

17. NOTICE OF MOTION UNDER STANDING ORDER 13

Campbeltown Brass - one of the most isolated bands in the country - are now the British National Champions, having become Scottish Champions earlier this year. These are incredible achievements for a band where the majority of its musicians are in primary or secondary education, and who, on top of the demands of practice, must also travel for very many hours each time they take part in a competition.

The band are well known across the Kintyre community and further afield. They are very active locally, playing at local functions as well as hosting their own events. They also play at events around Argyll and Bute and have even played for international crowds at a number of Six Nations rugby tournaments. Some of their members are involved in the National Youth Brass Band of Scotland, spreading the word about Argyll's musical talent to a much wider audience.

Despite their championship status, Campbeltown Brass see themselves first and foremost as a band for the community - a community which is delighted to have champions in its midst.

In light of the very considerable achievements and success of Campbeltown Brass, the Council:

1. Congratulates Campbeltown Brass on their latest successes and for securing

national champion status.

2. Acknowledges the dedication, commitment and talent of everyone involved with Campbeltown Brass, including the musicians themselves, their instructors and conductors, the families and friends of the band who volunteer their time and resources to support their endeavours, and the local community who provide such tremendous encouragement and support.
3. Notes that the Provost will send a letter of congratulations to Campbeltown Brass in recognition of their very considerable successes over the course of 2022.

Proposed by: Councillor Tommy MacPherson

Seconded by: Councillor Amanda Hampsey

EXEMPT REPORT FOR DECISION

E1 18. COUNCIL CONSIDERATION OF ABSENCE (Pages 549 - 550)

Report by Executive Director with responsibility for Legal and Regulatory Support

The Council will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an “E” on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraph is:-

- E1 Paragraph 1** Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office-holder, former office-holder or applicant to become an office-holder under the authority.

Argyll and Bute Council

Contact: Hazel MacInnes Tel: 01546 604269

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MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held ON A HYBRID BASIS BY MICROSOFT TEAMS AND IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 29 SEPTEMBER 2022

Present:

Councillor Maurice Corry (Provost)

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

Attending:

Pippa Milne, Chief Executive
 Douglas Hendry, Executive Director
 Kirsty Flanagan, Executive Director
 Fiona Davies, Chief Officer, HSCP
 Fergus Murray, Head of Development and Economic Growth
 Jane Fowler, Head of Customer Support Services
 Ross McLaughlin, Head of Commercial Services
 David Gibson, Head of Children and Families and Justice
 Stuart McLean, Committee Manager
 Morag Brown, Business Improvement Manager
 Alan Morrison, Regulatory Services and Building Standards Manager
 James Gow, Head of Finance and Transformation, HSCP

Prior to commencement of Business the Provost acknowledged the passing of Councillor John McAlpine during the summer. The Provost advised that the Council had been saddened to hear of the passing of John, who had served the area of Kintyre and the Islands over a number of years, and wanted the best for Argyll and Bute. He advised that the Council would miss him and remember him fondly for his commitment to the area and the Council. On behalf of the Council he expressed his heartfelt condolences to his family. He asked that the Council be upstanding for a moment of remembrance.

The Provost acknowledged the death of Her Majesty the Queen on Thursday 8 September 2022 at Balmoral in Scotland and asked that the Council:-

1. note with sadness the passing of Her Majesty Queen Elizabeth II on 8th September 2022;

2. acknowledge Her Late Majesty's lifelong commitment and dedication to service of Her country, particularly during her seventy-year reign from 1952 to 2022;
3. express gratitude for Her Late Majesty's numerous official and informal trips to Argyll and Bute during Her reign, including visits to Campbeltown, Dunoon, Gigha, Helensburgh, Islay, Jura, Mull, Oban and Rothesay; and
4. note that the Provost had sent a letter of condolence to His Majesty King Charles III, expressing sympathy at the passing of Her Late Majesty and extending very best wishes to the King as He commenced His reign.

The Provost asked the Council be upstanding and pause for a moment of reflection.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Audrey Forrest and Willie Hume.

2. DECLARATIONS OF INTEREST

Councillor Jim Lynch declared a non-financial interest in item 21 of the agenda (BID4Oban – Approval of Ballot Submission and Business Plan – Third Ballot) by virtue of his Council appointment as a delegate on the BID Board. He advised that he would remain in the meeting during consideration of this item.

Councillor Kennedy-Boyle declared a non-financial interest in item 14 of the agenda (Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28) by virtue of her role as general manager of Fyne Futures which was a subsidiary of Fyne Homes. She advised that she would remain in the meeting during consideration of this item.

Councillor Peter Wallace declared a non-financial interest in item 14 of the agenda (Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28) by virtue of his Council appointment to the Board of Fyne Homes. He advised that he would remain in the meeting during consideration of this item.

Councillor Andrew Vennard declared a non-financial interest in item 14 of the agenda (Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28) by virtue of his Council appointment to the Board of ACHA. He advised that he would remain in the meeting during consideration of this item.

Councillor Jan Brown declared a non-financial interest in item 14 of the agenda (Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28) by virtue of her Council appointment to the Board of ACHA. She advised that she would remain in the meeting during consideration of this item.

Councillor Liz McCabe declared a non-financial interest in item 14 of the agenda (Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28) by virtue of her Council appointment to the Board of Fyne Homes. She advised that she would remain in the meeting during consideration of this item.

3. MINUTES

The Minutes of the meeting of Argyll and Bute Council held on 30 June 2022 were approved as a correct record.

4. MINUTES OF COMMITTEES

(a) **Policy and Resources Committee of 11 August 2022**

The Minutes of the meeting of the Policy and Resources Committee held on 11 August 2022 were noted.

(b) **Special Policy and Resources Committee of 11 August 2022**

The Minutes of the meeting of the Special Policy and Resources Committee held on 11 August 2022 were noted.

(c) **Community Services Committee of 25 August 2022**

The Minutes of the meeting of the Community Services Committee held on 25 August 2022 were noted.

(d) **Environment, Development and Infrastructure Committee of 1 September 2022**

The Minutes of the meeting of the Environment, Development and Infrastructure Committee held on 1 September 2022 were noted.

5. LEADER'S REPORT

The Council gave consideration to a report providing an update on the activities of the Council Leader, Councillor Robin Currie, for the period 18 June to 15 September 2022. The report also included an update in respect of the Leader's Policy Lead portfolio of Economy and Rural Growth.

Decision

The Council noted –

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

(Reference: Report by Leader of the Council dated 15 September 2022, submitted)

Councillor Tommy MacPherson joined the meeting at this point.

6. POLICY LEADS REPORT

The Council gave consideration to a report providing an update on key areas of activity for each Policy Lead Councillor. This was the first Policy Leads report of the new Council since the Policy Leads were appointed on 18 May 2022 and sought to ensure that all members were informed, up-to-date and able to engage with current issues.

Decision

The Council noted the content of the submitted report.

(Reference: Report by Policy Lead Councillors dated 21 September 2022, submitted)

7. POLITICAL MANAGEMENT ARRANGEMENTS

The Council gave consideration to a report outlining a number of vacancies both within the Council and on external organisations following the sad passing of Councillor John McAlpine. The report also noted a request to make an appointment to the Kommuners International Kiljorganisation (KIMO) and the requirement to make a new nomination for appointment to the Loch Lomond and the Trossachs National Park Authority Board.

Decision

The Council -

1. appointed Councillor William Sinclair as one of the Council's representatives on the Live Argyll Board;
2. appointed Councillor William Sinclair as the Council's representative to the West of Scotland European Forum;
3. appointed Councillor Luna Martin to KIMO (Kommuners International Kiljorganisation);
4. nominated Councillor Maurice Corry as one of the Council's representatives to the Loch Lomond and the Trossachs National Park Authority Board, noting that final appointments to this body would be confirmed by Scottish Ministers; and
5. agreed to consider all remaining appointments at the next appropriate meeting of the Council following the Ward 2 by-election.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 4 August 2022 and Notice of Motion by Councillor Robin Currie, seconded by Councillor Gary Mulvaney dated 29 September 2022, tabled)

8. COUNCIL CONSTITUTION REVIEW

The Council gave consideration to a report presenting the annual review of the Council Constitution for agreement.

Decision

The Council agreed the adjustments to the Constitution as set out in Appendix 1 to the submitted report.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 1 September 2022, submitted)

9. FREEDOM OF ARGYLL AND BUTE

The Council gave consideration to a report proposing the award of the Freedom of Argyll and Bute to Donald MacMillan BEM in recognition of his many years' service to the community, through his role as Councillor and also his service to other organisations.

Decision

The Council –

1. agreed to award the Freedom of Argyll and Bute to Donald MacMillan, BEM in recognition of his many years of service to Argyll and Bute as a local councillor and to other organisations serving the community;
2. requested the Executive Director with responsibility for Legal and Regulatory Support to make the necessary arrangements.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 3 August 2022, submitted)

10. UKRANIAN REFUGEE RESETTLEMENT IN ARGYLL AND BUTE

The Council gave consideration to a report providing an update on the challenges regarding the Ukrainian sponsorship scheme and the national review that was underway and led by the Scottish Government and COSLA. The report also provided an update on how the sponsorship scheme were operating within Argyll and Bute and the support provided locally to Ukrainian Displaced Persons.

Decision

The Council –

1. noted the national position as set out in section 4 of the submitted report;
2. agreed that the Council should, through COSLA and other representative bodies, and on an individual basis, if and when appropriate, make representations for improvements to the Ukrainian sponsorship schemes; and
3. noted the current position in relation to Argyll and Bute as set out in section 5 of the submitted report.

(Reference: Report by Executive Director with responsibility for Refugee Resettlement dated 8 September 2022, submitted)

11. PILOT FOR REGISTRARS CONDUCTING FUNERAL SERVICES IN KINTYRE AREA 2022 - FEES AND CHARGES

The Council gave consideration to a report that sought agreement to establish a six month pilot scheme to undertake funeral services in the Kintyre area with local undertakers.

Decision

The Council approved –

1. registrars in Kintyre to establish a six month pilot scheme to perform funeral services in co-operation with local undertakers, with an interim report to come forward to Council after three months to inform the budget process for 2023/24; and
2. the pilot fees and charges as set out within the report at section 4.3 of the submitted report.

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

Councillor Donald Kelly left the meeting during consideration of the following item of Business.

12. COST OF LIVING AND FUEL COST CRISIS BRIEFING

The Council gave consideration to a report presenting a briefing on the Argyll and Bute specific issues of the cost of living and fuel crisis which showed that 70% of households were at risk of fuel poverty or extreme fuel poverty. The briefing highlighted the unprecedented increases in the cost of living, particularly the fuel costs faced by people who live in our remote, rural and island communities.

Decision

The Council agreed –

1. the briefing attached to the submitted report for use in conveying the additional impact that the cost of living/fuel cost crisis has on Argyll and Bute's communities and households;
2. the four key asks of Government to alleviate the particular impacts of the cost of living/fuel cost crisis faced by our communities; and
3. in recognition of the impact the crisis was having on the communities of Argyll and Bute, to request that the Chief Executive liaise with the main Group Leaders, to explore options for establishing a Short Life Working Group with any subsequent terms of reference and membership to be agreed at a future meeting of the Council.

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

13. ARGYLL AND BUTE COUNCIL'S SHORT TERM LET LICENSING SCHEME

The Council gave consideration to a report which sought approval of the arrangements for the Council's Short-term Let Licensing Scheme.

Decision

The Council –

1. noted the considerable work undertaken to develop the new licensing regime in a challenging timescale, and without any additional funding or resourcing provided by the Scottish Government;

2. welcomed the high level of responses to the public consultation, and recognised that many of the issues raised had been incorporated into the final licensing regime;
3. approved the Short-term Let Licensing Regime, Licensing Policy, additional conditions and fee and charges as set out in sections 5.4 and 5.6 of the submitted report;
4. noted the initial focus on “new hosts” initially until additional staff resources are in place; and
5. agreed to amend the Council’s Scheme of Delegation to delegate responsibility for the Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022 to the Executive Director with responsibility for Regulatory Services, to enable the Council’s Environmental Health Service to authorise officers to deliver the Short-term Let licensing regime.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 20 September 2022, submitted)

The Provost ruled and the Council agreed to break for lunch between 13.10 and 13.30 which was during consideration of the following item of business.

Councillors Tommy MacPherson and Gemma Penfold left the meeting at this point.

14. STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2023/24 - 2027/28

The Council gave consideration to a report which sought approval of the revised Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28 for submission to the Scottish Government in October 2022. The Strategic Housing Investment Plan (SHIP) sets out strategic investment priorities for affordable housing over a five year period to achieve the outcomes set out in the Local Housing Strategy.

Decision

The Council approved the Strategic Housing Investment Plan (SHIP) proposals summarised in the officers report for submission to the Scottish Government in October 2022.

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

15. HOUSING ANNUAL ASSURANCE STATEMENT 2022

The Council gave consideration to a report presenting the Housing Annual Assurance Statement for 2022.

Decision

The Council approved the Annual Assurance Statement 2022 contained at Appendix 1 to the submitted report.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 29 September 2022, submitted)

16. HELENSBURGH WATERFRONT DEVELOPMENT - CAR PARKING

The Council gave consideration to a report proposing an amendment to the car parking charging arrangements at the Helensburgh Waterfront car park.

Decision

The Council agreed –

1. that the Helensburgh Waterfront car park be amended to provide free parking for the first 2 hours and charged thereafter; and
2. that officers progress a Traffic Regulation Order (TRO) covering the new car park with the flexibility to enable free parking for the first 2 hours, with any representations received during the TRO process being reported back to the Helensburgh and Lomond Area Committee.

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

17. CHILD POVERTY PLAN ANNUAL REVIEW 2021-22

The Child Poverty Plan Annual Review 2021-22 was before the Council for consideration. The review filled the obligation from the Child Poverty (Scotland) Act 2017 for local authorities and health boards to deliver jointly an annual review of their Child Poverty Action Plan.

Decision

The Council noted the work undertaken and the potential impact faced by the cost of living increase.

(Reference: Report by Chief Officer, Health and Social Care partnership dated 30 August 2022, submitted)

18. EXECUTIVE ACTIONS - NATIONAL POWERBOAT CHAMPIONSHIPS, DUNOON

A report highlighting the use of emergency powers by the Executive Director with responsibility for Development and Infrastructure Services to facilitate the use of the Coal Pier Car Park in Dunoon from 9 to 11 September 2022 for the National Powerboat Championships, was before the Council for noting.

Decision

The Council noted the decision made by the Executive Director regarding the fees and charges in relation to the event and having due regard to the Council's Constitution in terms of the use of emergency powers.

(Reference: Report by Executive Director with responsibility for Development and Infrastructure dated August 2022, submitted)

19. NOTICE OF MOTION UNDER STANDING ORDER 13

The following Notice of Motion under Standing Order 13 was before the Council for consideration –

Motion

Over the past four - at least - Council terms, there is one issue which results consistently in unanimity across the Council Chamber.

That issue is the need for urgent action at the A83 Rest and Be Thankful, Argyll and Bute's lifeline in every single aspect of life in this region.

Over the past decade and more, this Council has, in recognition of the absolutely vital importance of the situation, called for action and engaged with government at all levels to press the urgent and utterly vital need for a permanent solution to be identified and, crucially, put in place, as quickly as possible.

In each new Council term, that approach has been reiterated and backed up by action of various forms, including numerous motions to Council and Committee, extensive ministerial correspondence from Council Leaders and colleagues, including joint cross-party approaches, and countless discussions at both political and official level.

It is also worthy of recall that our colleagues in the Argyll First group submitted a 10,000-signature petition to the Scottish Government's Public Petitions Committee - a petition which, in 2012, was unanimously supported by that Committee and, subsequently, endorsed by the Council in that term. That petition is, of course, still very much alive and is due to be considered again by that Committee in the near future. Also worthy of note is the petition signed by over 400 Argyll and Bute businesses - more evidence of the urgency and the impact of this situation on the local economy.

All of this has resulted in progress - including the trunking of the A83 between Kennacraig and Campbeltown. The key action though remains; and we remain united in our call, as a new Council, for urgent action.

I ask colleagues today, in this new Council term, to join together once again and reaffirm this Council's position once more. Let this be the Council term where we see a very significant leap forward towards the permanent solution that our communities desperately need to see in use; where we see ground broken on the 'new Rest and Be Thankful'.

Argyll and Bute Council:

- Welcomes the progress made towards that goal with the Scottish Government's announcement of its £25m investment in design and development work for the route through Glen Croe;
- Reaffirms and reiterates our previous calls for planning, construction and opening of the replacement route within the life of the this Scottish Parliament, as a strategic priority for Argyll and Bute;
- Resolves to continue our engagement with national government at all possible opportunities to press home the case for urgent action without delay, including through participation in the A83 Taskforce alongside continued dialogue with ministers; noting the Leader's update on his most recent engagement with the

Transport Minister and that this will continue as often as required; and the Council's recent presentation from the RABT Campaign Group.

Proposed by: Cllr Robin Currie, Leader of the Council

Seconded by: Cllr Jim Lynch, Leader of the SNP Group

Decision

The Council agreed the terms of the Motion.

(Reference: Notice of Motion by Councillor Robin Currie, seconded by Councillor Jim Lynch, submitted)

The Provost advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, appendices B and D relating to the following item of business would require the exclusion of the press and public should any Member wish to discuss the content of those appendices on the grounds that they were likely to involve the disclosure of exempt information as defined in Paragraphs 8 and 9 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

During consideration of the item of business the Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public to discuss the content of appendices B and D on the grounds that they were likely to involve the disclosure of exempt information as defined in Paragraphs 8 and 9 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

Councillor Robin Currie left the meeting during the consideration of this item of business.

20. LEARNING ESTATE INVESTMENT PROGRAMME (LEIP) - POTENTIAL BID FOR NEW MULL CAMPUS

The Council gave consideration to a report providing an update on the progress of a bid to the Learning Estate Investment Programme (LEIP) Phase 3 and which sought financial and political commitment to proceed with a submission of a bid in October. The report also provided an update on engagement that had recently taken place with education staff, stakeholders and communities that would assist the bid and inform the next stage of the application process should the Council progress to the next stage following backing from the Scottish Government.

Decision

The Council –

1. noted that the Scottish Government had confirmed the timescales for the next round of the Learning Estate Investment Programme (LEIP) i.e. invited submissions by 31st October 2022.
2. noted a business case and application was being prepared for a submission to the LEIP process for a new Campus on Mull in line with the adopted Learning Estate Strategy;

3. noted that pre-engagement activity had been ongoing with the Mull community about the potential LEIP bid between August and 9th September with over 200 representations or feedback received. Further statutory consultation would take place if a bid was made and successfully progressed to the next stage;
4. noted the financial position and affordability of a LEIP bid as set out in Appendix B to the submitted report which was exempt from publication due to the commercially sensitive and competitive bid nature of financial forecast information contained; and
5. agreed to proceed with the submission of a LEIP bid by 31st October based on the entirety of the submitted report, priorities specified in the Learning Estate Strategy, financial context and advice from the Section 95 officer contained within Appendix B to the submitted report, pre-engagement feedback contained within Appendix C to the submitted report, and on the basis that if the bid was successful, financial provision as estimated in Appendix B to the submitted report, would require to be made from 2023/4 onwards.

(Reference: Report by Executive Director with responsibility for Commercial Services and Education dated 29 September 2022, submitted)

The Council resolved to move back into public session for the following item of business.

The Provost advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, appendices 1 and 9 relating to the following item of business would require the exclusion of the press and public should any Member wish to discuss the content of those appendices on the grounds that they were likely to involve the disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

21. BID4OBAN - APPROVAL OF BALLOT SUBMISSION AND BUSINESS PROPOSAL - THIRD BALLOT

The Council gave consideration to a report that sought approval of the Oban Business Improvement District (BID) ballot submission and the Business Proposal, Term Three, in support of the ballot.

Decision

The Council –

1. approved the ballot request, approved the Oban BID Business Proposal and agreed to instruct the Returning Officer to conduct a ballot over 42 days in 2022 from Thursday 27th October to Thursday 8th December ('the ballot day');
2. authorised the Executive Director with the responsibility for Development and Economic Growth to cast the votes on behalf of the Council in favour of the BID;
3. agreed that the Council would charge £7,956 (including VAT) per annum, to BID4Oban for administering the levy charge to businesses in Oban, with charges thereafter increased annually. The first increase would apply on 31st October 2023 and annually thereafter for the subsequent term of the BID;

4. agreed that, if BID4Oban were successful in the ballot, the Council would pay an estimated £6,120 per annum in levy contributions for Council properties in Oban;
5. noted that if the BID group were successful in the ballot, two representatives from the Council would be requested to sit on the BID4Oban Board, one Elected Member and one Officer.

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

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 6 and 9 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

22. PROPOSED ACQUISITION OF KINTYRE CARE CENTRE, CAMPBELTOWN

The Council gave consideration a report requesting that the Council take title to Kintyre Care Centre, Campbeltown to enable the HSCP to deliver nursing care services within it.

Decision

The Council agreed the recommendations contained within the submitted report.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 6 September 2022, submitted)

MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held ON A HYBRID BASIS BY MICROSOFT TEAMS AND IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 13 OCTOBER 2022

Present: Councillor Robin Currie (Chair)

Councillor Gordon Blair	Councillor Jim Lynch
Councillor Kieron Green	Councillor Liz McCabe
Councillor Amanda Hampsey	Councillor Yvonne McNeilly
Councillor Fiona Howard	Councillor Ross Moreland
Councillor Willie Hume	Councillor Gary Mulvaney
Councillor Andrew Kain	Councillor Douglas Philand
Councillor Reeni Kennedy-Boyle	

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Shona Barton, Governance Manager
Anne Blue, Head of Financial Services
Fergus Murray, Head of Development and Economic Growth
Ross McLaughlin, Head of Commercial Services
Catherine Ronald, Senior Local Tax Assistant (Debt Recovery)/NDR
David Allan, Estates and Property Development Manager
David Rennie, Social Enterprise Development Manager
Jane Jarvie, Communications Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Audrey Forrest.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

(a) Policy and Resources Committee held on 11 August 2022

The Minutes of the meeting of the Policy and Resources Committee held on 11 August 2022 were approved as a correct record.

(b) Special Policy and Resources Committee held on 11 August 2022

The Minutes of the meeting of the Special Policy and Resources Committee held on 11 August 2022 were approved as a correct record.

Councillor Willie Hume joined the meeting during consideration of the following item of business.

* **4. FINANCIAL REPORTS MONITORING PACK - 31 AUGUST 2022**

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of August 2022. There were five detailed reports, setting out the position as at 31 August 2022.

Decision

The Policy and Resources Committee –

1. noted the revenue budget monitoring report as at 31 August 2022;
2. noted the financial risks for 2022-23;
3. noted the capital plan monitoring report as at 31 August 2022 and approved the proposed changes to the capital plan outlined in Appendix 4 of that report;
4. noted the treasury monitoring report as at 31 August 2022;
5. noted the reserves and balances report as at 31 August 2022; and
6. agreed to recommend to Council that the revenue virements over £0.200m during July and August 2022 were approved.

(Reference: Report by Section 95 Officer dated 9 September 2022, submitted)

5. BUDGET OUTLOOK 2023-24 TO 2027-28

The Committee gave consideration to a report providing an update to the budget outlook 2023-24 to 2027-28, reported to the Policy and Resources Committee on 11 August 2022.

Decision

The Policy and Resources Committee noted the current estimated budget outlook position for the period 2023-24 to 2027-28.

(Reference: Report by Section 95 Officer dated 15 September 2022, submitted)

6. BUDGET APPROACH

The Committee gave consideration to a report providing an update on the budget approach already commenced by officers to assist in identifying options to help close the gap and provide a high level draft budget timetable for 2023-24.

Decision

The Policy and Resources Committee noted the 2023-24 budget approach.

(Reference: Report by Section 95 Officer dated 15 September 2022, submitted)

7. POLICY FOR EMPTY PROPERTY RELIEF IN NON-DOMESTIC RATES FROM 1 APRIL 2023

The Committee gave consideration to a report proposing that the Council's policy for the application of Empty Property Relief for properties on the Non-Domestic Rates valuation roll from 1 April 2023 would mirror the current arrangements as set by the Scottish Government. This would allow time for an Empty Property Review to be conducted, and consultation to be undertaken both within the Council and with external stakeholders such as local businesses. It was proposed that a report be presented to the Policy and Resources Committee in October 2023 with recommendations for the relief scheme from April 2024 onwards.

Decision

The Policy and Resources Committee approved the Empty Property Relief Scheme for Argyll and Bute whereby;

1. from 1 April 2023 to 31 March 2024 the scheme will be identical to the current arrangements for Empty Property Relief; and
2. a paper would be presented to Policy and Resources Committee in October 2023 on changes to the policy following consultation with stakeholders internal and external to the Council.

(Reference: Report by Head of Financial Services dated 27 September 2022, submitted)

8. CONSERVATION AREA REGENERATION SCHEME (CARS) PROJECT - 104-110 ARGYLL STREET, DUNOON

The Committee gave consideration to a report outlining the gap funding that existed in the final priority building of the Dunoon Conservation Area Regeneration Scheme (CARS). The CARS was jointly funded by Historic Environment Scotland and Argyll and Bute Council. The report requested utilisation of an additional £75,000 grant funding from the Private Sector Housing Grant (PSHG) to cover that gap and facilitate the key project.

The Head of Development and Economic Growth advised of an error within paragraph 1.3 of the submitted report where it should have read three ground floor commercial units and two first floor flats and not two ground floor commercial units and two first floor flats.

Decision

The Policy and Resources Committee approved the utilisation of the Private Sector Housing Grant (PSHG) to award an additional £75,000 grant to the 104-110 Argyll Street Dunoon CARS project, thus providing essential gap funding to facilitate the restoration of these buildings.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 29 September 2022, submitted)

9. PLACE BASED INVESTMENT AND CROWN ESTATE FUND 2022/23

The Committee gave consideration to a report providing an update on the expenditure agreed in relation to Place Based Investment and the Crown Estate Fund, following the decision taken at the Committee on 11 August 2022 that officers seek suggestions from all elected members for potential projects that would fit with both funds criteria and timeline.

Decision

The Policy and Resources Committee –

1. noted the projects agreed to be taken forward and the funding allocated to each as outlined in paragraph 4.2 of the submitted report;
2. agreed that should additional Crown Estate funding be advised over and above the original estimate, that it be allocated to a cemetery maintenance and roads access fund for each administrative area (£75,000 to each area) and to complete the project agreed in February 2020 to install charging mechanisms in 16 high footfall public conveniences at a cost of £200,000; and
3. agreed that any remaining allocation within Crown Estates is held to be used in the event of any contract increases. If not required, this would be added to next year's allocation.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 5 October 2022, submitted)

10. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - UPDATE - EXPRESSIONS OF INTEREST / ASSET TRANSFER REQUESTS / REPORTING REQUIREMENTS

The Committee gave consideration to a report that had been on the agenda as an item for noting at the previous meeting of the Policy and Resources Committee, held on 11 August 2022, where it had been unanimously agreed to refer it to this meeting of the Committee as a substantive item in terms of Standing Order 10.9.

The report advised the 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 could 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.

Decision

The Policy and Resources Committee –

1. noted the information provided; and
2. agreed that an elected Member Seminar would be put in place in the new year to

consider the implications of the Community Empowerment (Scotland) Act 2015 in the first instance.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 13 October 2022 and Report by Executive Director with responsibility for Commercial Services dated 27 June 2022, submitted)

11. TARBERT AND LOCHGILPHEAD REGENERATION FUND - PROJECTS UPDATE

The Committee gave consideration to a recommendation from the Mid Argyll, Kintyre and the Islands Area Committee held on 7 September 2022 in relation to projects funded by the Tarbert and Lochgilphead Regeneration Fund. The recommendation sought approval for the allocation of any unspent funding from the Lochgilphead Front Green Project to support the delivery of the Ardrishaig North Public Realm Project.

Decision

The Policy and Resources Committee agreed the recommendation to transfer any unspent funding from the Lochgilphead Front Green project to support the ongoing delivery of the Ardrishaig North Public Realm project.

(Reference: Recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 7 September 2022 and report by Executive Director with responsibility for Development and Economic Growth dated 16 August 2022, submitted)

12. ARGYLL AND BUTE COUNCIL EMPLOYABILITY FINANCIAL AND SERVICE PROVISION UPDATE

A report providing an update on the current financial position of Argyll and Bute Council's Employability Team aligned to current and proposed service provision across the region was before the Committee for noting.

Decision

The Policy and Resources Committee noted the content of the submitted report.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 13 October 2022, submitted)

13. POLICY AND RESOURCES COMMITTEE WORKPLAN

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

Decision

The Policy and Resources Committee noted the content of the submitted workplan.

(Reference: Policy and Resources Committee Workplan dated 13 October 2022, submitted)

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**ARGYLL AND BUTE COUNCIL
ELECTION OF COUNCILLOR
WARD 2 – KINTYRE AND THE ISLANDS
29 SEPTEMBER 2022**

The name and address of the person who has been elected as a Councillor in Ward 2 – Kintyre and the Islands at the by-election held on 29 September 2022 is as follows:-

ELECTORAL WARD	NAME	ADDRESS	DESCRIPTION
Ward 2 – Kintyre and the Islands	Alastair John Redman	10 Bruach Gorm, Port Charlotte, Isle of Islay	Independent

Pippa Milne
Returning Officer
30 September 2022

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ARGYLL AND BUTE COUNCIL**COUNCIL**

24th November 2022

LEADER'S REPORT

1. INTRODUCTION

- 1.1 The Leader of the Council and Policy Lead Councillors routinely provide a report outlining their strategic activities for consideration at each meeting of Argyll and Bute Council, except for the annual budget meeting in February.
- 1.2 This report provides an update on the activities of the council Leader, Cllr Robin Currie, for the period 15th September to 11th November 2022. It also includes notes on activities relating to the Leader's Policy Lead portfolio of Housing, Economy and Rural Growth.

2. RECOMMENDATIONS

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

3. LEADER ACTIVITY 15th SEPTEMBER TO 11TH NOVEMBER 2022

- 3.1 **Argyll and Bute Parliamentary Forum, 8th November:**
Colleagues may recall that in previous terms, the council's political and senior officer leadership have met together with the Parliamentarians representing Argyll and Bute to discuss the key strategic issues relating to the area. The pandemic interrupted these but, with a new council term now under way, I felt it would be useful to reinstate these sessions.

With the support of Jenni Minto MSP, we met at the Scottish Parliament on Tuesday 8th November. Joining me were Cllr Gary Mulvaney, Depute Leader, and Cllr Reeni Kennedy-Boyle on behalf of the SNP Group. This is the first time we have taken a cross-party approach at council level to these meetings, and I believe that to be a positive and constructive development, one which we will continue as we progress arrangements for future Forum meetings.

We extended an invitation to both constituency MSPs, Jenni Minto and Jackie Baillie, and to all regional list MSPs for the Highlands and Islands and West Scotland regions, both of which span Argyll and Bute.

Given that this was the first Forum session in the new council term, with some familiar and new MSP faces present, Pippa Milne, Chief Executive, and Kirsty Flanagan, Executive Director, presented an overview of Argyll and Bute's opportunities and challenges - setting out some of the considerable investment and regeneration activity that the council has been carrying out recently and highlighting the particular challenges that we do face, including the urgent need for population growth and current financial pressures.



We took the opportunity to raise the issue of Rothesay Pavilion with the Parliamentarians, who agreed to share the detail with colleagues and to remain in dialogue with ministers, following our own approach to them earlier this year. There will be further engagement with parliamentarians on the matter of the Pavilion, both arising from this session and through

the activity of the Lobbying Group as the Pavilion action plan is progressed in partnership with the Rothesay Pavilion Charity Trust.

The Forum also afforded an opportunity to raise other issues like the forthcoming bio-degradable municipal waste (BMW) ban and the implications for Argyll and Bute, and the unprecedented severe weather damage to the Ardbeg Road sea wall during Storm Barra in December last year.

This was a really positive session and all agreed that the Forum should continue, so officers are making arrangements to take forward the issues discussed at this first meeting and to liaise with colleagues at the Scottish Parliament on additional sessions next year.

We also had a short meeting with Douglas Ross, who is one of the Highlands and Islands regional list MSPs for the area but who was unable to attend the Forum session. This too was a useful and positive discussion and we were able to highlight the same challenges to him also, thus raising the profile of the Pavilion in particular as well as the unique challenges presented by our geography, our population levels and other factors.

3.2 Housing Matters:

September - Strategic Housing Forum:

The Strategic Housing Forum convened on 20th September for its latest quarterly meeting, bringing together key partners and RSLs involved in housing delivery. Housing is a key priority for us and these Forum sessions play a key part in our overall activity. We considered reports on the Annual Local Housing Strategy 2022, an update from the Scottish Government More Homes Division, and the Strategic Housing Investment Plan for 2023/24 to 2027/28 which, along with the Housing Annual Assurance Statement, was of course on the agenda for September council following this Forum meeting. Both of those papers contain significant detail about plans for housing provision over the coming years and I would recommend them to colleagues given the significance and vital importance of housing to the area and to addressing the challenges we face.

It is no surprise that the cost of living crisis also featured on the Forum agenda. Forum member organisations are all actively involved in providing a range of services, support and advice in relation to coping with fuel poverty and mitigating the impacts of punishing living costs. With national media reports citing Argyll and Bute as one of the most affected areas in terms of significantly increased costs, this will remain a critical area for focus, including through the Financial Inclusion and Advice Group.

Rural and Islands Housing Association Forum - Scottish Rural and Islands Housing Conference, Ballachulish:

I was pleased to attend the RIHAF - Scottish Rural and Islands Housing Conference in Ballachulish in late October. There were a number of extremely useful talks and workshops, including sessions with Sally Thomas, Chief Executive of the Scottish Federation of Housing Associations and Andrew Watson, the Scottish Housing Regulator. Other speakers and session leaders included representatives from the Poverty Alliance, Energy Action Scotland, Wellbeing Economy Alliance, Existing Homes Alliance and a number of housing associations from across Scotland. This was a useful event overall offering opportunities to share practice and ideas with others who deliver housing in rural and island communities, and again the impact of the high cost of living featured significantly across all discussions.

3.3 COSLA Leaders Meetings:

As indicated in my previous report to council, the national local government pay negotiations have again required a number of additional Leaders meetings at short notice, alongside the regular schedule.

30th September - Leaders:

Agenda items for this meeting were:

- Presentation from Accounts Commission Chair, Bill Moyes
- Local Authority Mutual Investment Trust Board
- Local Government Finance
- Pay Claim
- National Care Service and Children's Services Reform
- Winter Planning for Health and Social Care
- Programme for Government
- Disabled Children and Young People (Transition to Adulthood) (Scotland) Bill
- Distribution

25th October - Special Leaders:

This meeting focused on the Local Government Pay Claim.

28th October - Leaders:

Cllr Gary Mulvaney deputised for me at this meeting which considered the following issues:

- Local Government Finance
- Pay Claim Update
- Accounts Commission - Future Engagement
- Historical Child Abuse Redress Scheme
- 16 Days of Action - Gender Based Violence
- Free School Meals
- Ukraine

- Health and Social Care Winter Planning
- Settlement and Distribution

28th October - Convention:

Again Cllr Mulvaney attended in my place for COSLA Convention where the following topics featured on the agenda:

- Appointments to Outside Bodies
- COSLA Audited Financial Statements to 31st March 2022
- COSLA Plan 2022 to 2027
- European Charter of Local Self-Government

3.4 Meeting with Ukraine Refugees and Resettlement Team:

On 12th October I went to Oban to meet with a number of Ukrainian refugees who have come to Argyll and Bute, along with members of the council's Resettlement Team.

First, we met with a group currently in hotel accommodation and awaiting longer-term housing arrangements. Some were due to move to their new homes (in different locations) the following day; others had only just arrived in the area and were just embarking on the resettlement process.



We had a very lively discussion about a range of issues - including starting up businesses, finding employment and, of course, how they are finding life in Scotland. Later, we had a drop-in session in Corran Halls where all

those currently staying in the Oban area were invited to come along and share any issues that they wanted to raise.

I was also privileged to meet with one young family who have already moved into a flat in the Oban area. Hearing their relief and gratitude for a safe, clean home, was humbling. I was shown a photograph of a bomb site where the home of one woman's father - who has remained in Ukraine - once stood. While those who are now with us in Argyll and Bute have left those experiences behind, the memories of what they have gone through, and the fear and anxiety for loved ones still in Ukraine, remain all too present. Everyone I met spoke of going home some day.

The team behind the resettlement programme are doing an incredible job to help people who have faced horrendous circumstances that we can only imagine. I hope to be able to have further meetings with our refugee community in the future, and to hear how they are getting on in their new homes.

3.5 Learning Success:

It's been my privilege to attend two events in this period where we are celebrating the success of local learners.

The first was the University of the Highlands and Islands Graduation Ceremony in Dunoon on 23rd September. The rejuvenated Queen's Hall was the ideal setting for this very happy in-person recognition of the achievements and successes of Argyll-based students graduating from their local UHI Argyll College learning centres around the area. My congratulations go to all those who graduated and I wish them every success for the future.

The next event took place earlier on the day I finalised this report - the Council's own Learning Awards, where we recognise the efforts of our own staff who have achieved qualifications while they work. Our employees are incredibly dedicated and committed to excellence, to improving and learning, to building up their skills so that they can deliver the best possible services to people and communities. I am glad that we were able to mark their endeavours and achievements with a virtual awards ceremony on Friday 11th November. Learning and studying for qualifications of all levels, at the same time as doing your job, is rewarding but challenging. Thank you to all staff who make such efforts in order to improve and strive for excellence.

3.6 A83 Rest and Be Thankful:

It is rare to have a Leader's report without some comment on the A83 Rest and Be Thankful, and this report is no exception.

I was happy to welcome members of the RABT Campaign Group to a virtual seminar for all members on 22nd September. The group gave us an overview of their campaign activities and reiterated the context of which we are all too aware: that the ongoing disruption at the rest poses very significant risks to Argyll and Bute, with economic, social and countless personal impacts.

The group encouraged each of us to make individual representations to the Minister for Transport pressing for increased urgency on putting a solution in place and bringing an end to the disruption.

Colleagues will recall at our September meeting that we agreed a motion, confirming this council's long-held position on the Rest in this new term. The matter was also discussed at the Parliamentary Forum on 8th November. I have previously covered my own correspondence as Leader to the Transport Minister and, alongside the individual representations referred to above, I will continue to engage with national government wherever possible, including through ongoing participation in the A83 Taskforce as well as continued correspondence and discussion.

3.7 Convention of the Highlands and Islands, 2nd and 3rd October:

It was a pleasure to be able to take our turn in hosting an in-person COHI event after a number of sessions had to be held virtually due to the pandemic. The Autumn COHI took place in Oban in early October and it was great to welcome Scottish ministers and colleagues from our fellow Highlands and islands authorities and partner agencies to the town.

We met with H&I Leaders and representatives from HIE on the evening preceding the discussions and, as always, this offered a useful opportunity to consider the agenda and formulate key positions on the various issues.

The agenda included the following:

- Review of previous outcomes
- My Life in Highlands and Islands - feedback on a large scale survey of over 5,300 residents
- Cost of living
- Regional Economic Partnership update
- National Strategy for Economic Transformation
- Population
- Transport
- Outcomes and Forward Look

Following the event, I received a note of thanks from the Deputy First Minister, John Swinney, who acknowledged the efforts of council staff who put together the event in Oban and said:

“You provided a positive environment for what proved to be a very productive discussion about how we move forward together to tackle the obstacles to sustainable and inclusive growth across the Highlands and Islands and I look forward to building on that when we come together again in March.”

3.8 Highlands and Islands Regional Economic Partnership, 22nd September:

This meeting offered an opportunity for partnership members to consider several of the COHI agenda items in advance, as well as a number of other key issues.

Cost of living has been a running theme across so many of the meetings I have been involved with and undoubtedly this will continue to be the case. This was no exception; at a previous meeting of the partnership we had resolved to write to both the UK and Scottish Governments, urging action to mitigate against the impact of cost of living and highlighting the very severe experiences of communities across the Highlands and Islands. Following the September meeting we did receive responses from both governments, but momentum must be maintained - the impact on our communities is already proving to be extremely severe.

3.9 Carbon Literacy Training, 20th and 21st October:

I completed the Carbon Literacy training, offered to all members, on 20th and 21st October. These virtual sessions, delivered by Argyll and the Isles Coast and Countryside Trust (ACT) were very interesting and can help us as individuals contribute to the collective effort on climate change, as well as the overall action taken as an organisation. If you have not yet taken the training, please sign up through Member Services - we have as a council committed to taking action where we can, as part of the global effort, to tackle climate change and undertaking this training helps to cement that commitment.

3.10 Islands matters - national strategic meetings:

UK Government Islands Forum - Orkney/Virtual, 27th and 28th September:

Over the past few months, the UK Government has been in touch in relation to its plans for an Islands Forum. Ministerial changes had an impact on this, but the inaugural meeting did go ahead on 27th and 28th September, with in-person meetings in Orkney and virtual options available also.

Due to council commitments it was only possible to attend on a virtual basis on this occasion. I participated in one of the fringe sessions on 27th September, *Influencing Government Policy*, and an additional workshop with Ofgem on the morning of the 28th.

The formal Islands Forum meeting took place on the 28th and it was very helpful to be able to consider islands issues not only with our fellow island authorities but with UK Government ministers and officials, alongside representatives from other key agencies like Ofgem. I hope that there will be opportunities to participate in future Islands Forum meetings and look forward to hearing more about these when the UK Government finalise arrangements.

Scottish Government - Islands Strategic Group, 10th November:

On 10th November I attended the virtual Islands Strategic Group meeting, hosted by the Scottish Government and chaired by Mairi Gougeon MSP, Cabinet Secretary for Rural Affairs and Islands. The agenda was dominated by cost of living matters:

- Islands Cost Crisis Emergency Fund - a £1.4m Scottish Government fund to assist island families to cope with increasing living costs and included along with other measures by the Deputy First Minister in his Emergency Budget Review.
- Cost Crisis - a report on which all local authorities had an opportunity to provide input on the characteristics of the impact in their local area and specifically addressing the following additional discussion topics:
 - Fuel Poverty
 - Rising Cost of Travel

4. CONCLUSION

- 4.1 This report highlights the activities of the Leader of Argyll and Bute Council for the period from 15th September to 11th November 2022.

Councillor Robin Currie
Leader, Argyll and Bute Council

11th November 2022

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

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ARGYLL AND BUTE COUNCIL**COUNCIL**

24th November 2022

POLICY LEADS REPORT

1. INTRODUCTION

- 1.1 This report provides members with an update on key areas of activity for each Policy Lead Councillor. This aims to provide updates from all Policy Leads as regularly as possible, so that all members are informed, up-to-date and able to engage with current issues.
- 1.2 The last Policy Leads report was considered by Council at its meeting on 29th September 2022. This latest report provides an update on activity from that date until 10th November 2022.

2. RECOMMENDATIONS

- 2.1 Members are asked to consider the report.

**3. POLICY LEAD FOR FINANCE AND COMMERCIAL SERVICES –
Councillor Gary Mulvaney**

- 3.1 **Introduction:** This report provides members with an update on my activities as Depute Leader and Policy Lead for Finance and Commercial Services during the period from September till November 2022
- 3.2 **Financial Services Team:** The department continues to monitor in-year revenue and capital positions, where there is forecast £117k overspend for revenue and £4k for capital. Work on next year's budget continues and an updated budget outlook was presented to the recent Budget Working Group, with a gap of £7m next year rising to an accumulated gap of £35m in 2027/28. Members and our communities clearly face some difficult choices and consequences as we set a balanced budget.

The recent announcement from the Deputy First Minister, John Swinney, that councils can consider policy flexibilities within this challenging fiscal picture is to be welcomed, and officers will further explore what these could be and how they contribute to the options available for members' consideration.

- 3.3 Local Tax Collections:** The Council Tax collection rate at the end of October 2022 is 67.99%, 2% up on the same time last year. The increased collection level is due to the £4.33 million cost of living award that was allocated directly to Council Tax accounts at the start of the year, although it should be noted that on a month to month basis the level of increased collections is reducing.

Sheriff officers have reported difficulties in collection performance post summons related to the cost of living crisis and because we are passing over less debt to them for collection this year as the number of debtors in receipt of benefit increases.

The non-domestic rates (NDR) collection rate at the end of October 2022 is 73.61%, down 3.24% in comparison to the previous year.

- 3.4 Benefits Update:**

Benefits Processing: As at 30 October 2022 processing speeds for Housing Benefit show average processing times of 28.88 days for new claims and 9.37 days for change in circumstances, for the year from 1st April. This is unfortunately worse than the previous month, however, there was a significant amount of annual leave taken in October due to school holidays along with a temporary vacancy that is yet to be filled.

We continue to look at ways to improve processes through the Business Process Reengineering (BPR) works that we are undertaking in an effort to eliminate wasteful processes and improve performance. The BPR outcomes will be reported to ELT on 15 November 2022.

Scottish Welfare Fund (SWF) and Discretionary Housing Payments (DHPs): Expenditure in SWF and DHP is steady and we are not projecting costs over the annual budget of £458,827 for SWF and £961,000 for DHP.

Flexible Food Fund: At the end of September the project has delivered £1.998 million of additional income for 1,406 families across Argyll and Bute an average of £1,420 per household. Half of the households being supported are single adults living alone, 30% are single parents and 15% are families with children in the household.

3.5 **Commercial Services Update:**

Helensburgh Leisure Centre: I was very proud to formally open this fantastic new community asset alongside the Provost on 7th October. The event was a huge success with a wide range of community representatives in attendance, not least former world and European champion, and two times Olympic swimmer Ross Murdoch. It was a privilege to have Ross join us and try out the pool, alongside Helensburgh Amateur Swim Club. It is an experience all of us will remember and cherish for a long time.

Since the facility opened the feedback from the 1000 + new members has been extremely positive and this is a big step forward for the regeneration of Helensburgh.

I would like to take this opportunity to pass on my thanks and congratulations to everyone who has been involved in this project, including all the officers, partners and contractors. It has been a huge achievement delivering the project on time, during what has been a very challenging period, constructing during the pandemic.

We are already looking to the next phase of supporting our town centre by creating complementary commercial opportunities at the site of the former pool and anticipate further updates that will be shared later this month.

Learning Estate Investment Programme (LEIP): Commercial Services are leading the preparation of a bid to the Scottish Government's highly competitive LEIP and I am pleased to report that our bid was successfully submitted by the 31st October deadline. It is now a waiting game as our request for part funding of a new £35.5m campus on Mull is considered alongside a number of others from across Scotland. It is anticipated that an announcement on which bids have been successful will be made by Scottish Government Ministers in December.

Place Demonstrator Funding: The Scottish Government sought applications from local authorities that have undertaken Place Based Reviews (PBR) and are in a position this financial year to implement the outcomes of the review. In this regard, Commercial Services submitted a funding bid in August 2022 and have had verbal confirmation that we have been awarded in the region of £650k. This funding will allow the Our Modern Workspace Project Team to accelerate the redesign proposals in Rothesay. A paper will come to the Policy and Resources Committee in December to obtain formal commitment to spend the funding on this project.

Rothesay Pavilion: The lobbying exercise is now well underway and, to assist with the implementation of our action plan, external consultants have been procured. An initial meeting has taken place between our officers and officials supporting the Minister for Culture, Europe and International Development. The issue also featured on the agenda for the Argyll and Bute Parliamentary Forum on 8th November and a seminar for members takes place on 17th November. A report will be prepared detailing the outcome of the lobbying activity, and what our options are moving forward, for consideration as part of the budget planning process.

- 3.6. Depute Leader:** I have regular other meetings with the Leader, Policy Leads and the Chief Executive in respect of council business and priorities. In addition, I have deputised for the Leader at COSLA meetings. I, along with officers, the Leader, and Cllr Reeni Kennedy-Boyle (who was deputising for Cllr Lynch) were pleased to meet some of our MSPs at Holyrood where we updated them on the challenges we face and lobbied specifically in relation to the BMW ban and Rothesay Pavilion.

4. POLICY LEAD FOR EDUCATION – Councillor Yvonne McNeilly

- 4.1 Dunoon Grammar School World Success:** Following on from my update at the last meeting, I am delighted to report that DGS were crowned the World's Best School for Community Collaboration at the live event hosted by T4 Education on 19th October 2022.

The Community Collaboration Prize recognises schools that have collaborated and developed partnerships with their community to have an integrated approach in helping each of their students striving for a whole child approach based on equity and inclusivity. DGS was shortlisted for its wide range of local, national and international projects.

DGS, alongside the winners of the four other categories (Environmental Action, Innovation, Overcoming Adversity, and Supporting Healthy Lives) will share an award of \$250,000.

I am extremely proud of the school and want to pass on my congratulations to all the pupils and staff at the school, and those in the wider community, for this truly outstanding achievement.

4.2 Potential New School for Mull: As part of phase 3 of the Scottish Government's Learning Estate Investment Programme (LEIP) the Council have now prepared and submitted a bid ahead of the 31st October deadline. Our request for part funding of a new £35.5m Campus on Mull will now be considered alongside a number of others from across Scotland. It is anticipated that Scottish Government Ministers will be announcing the successful bids in December 2022.

4.3 Stretch Aims: Our Local Authority Stretch Aims have now been submitted to the Scottish Government. As part of the Framework for Recovery and Accelerating Progress, published by the Scottish Government in March 2022, all Local Authorities are to develop annual stretch aims to ensure progress is made in recovering from the impact of Covid-19 and align to the mission of the Scottish Attainment Challenge. The required stretch aims are to be set to improve outcomes for all while closing the poverty-related attainment gap.

The Stretch aims for Argyll and Bute have been developed having regard to all available data, in conjunction with Head Teachers and our link Education Scotland Attainment advisor. A number of consultation events were held to collate feedback to assist in refining the aims.

Five core stretch aims have been set covering literacy, numeracy, school leavers, participation measures, and attendance. An additional aim, which forms part of the 'core-plus' model has been identified and for Argyll and Bute this is focussed on the extensive work being undertaken in respect of nurturing approaches.

The central team will now use established processes to track the progress towards our stretch aims and monitoring will occur in line with data uplifts and publications.

4.4 Argyll and Bute Learning, Teaching and Assessment Framework: Work has commenced, in consultation with all Head Teachers, to produce an Argyll and Bute Learning, Teaching and Assessment Framework. This framework will outline a clear, shared and ambitious vision for what should constitute high quality learning, teaching and assessment in every playroom, classroom and learning environment in Argyll and Bute. It will set out our aspirations for all children and young people and will place responsibility on everyone who works in the service to meet the needs and ambitions of all.

The framework will empower and encourage practitioners to be flexible, creative and innovative and help to ensure that there is a level of consistency across every establishment and the authority as a

whole. It is envisaged that a draft will be available by mid December 2022.

4.5 Head Teacher Meeting: The start of this session saw the service hold the first in-person Head Teachers meeting since February 2020. The session focussed on the theme of using education to improve outcomes for children and young people and reduce the poverty related attainment gap. The day centred around three workshops – Argyll and Bute Stretch Aims, Pupil Equity Funding and Moderation. Consultation took place with regard to the Learning, Teaching and Assessment Framework and the process of School Reviews. Feedback from the day was very positive with 98% of respondents rating the day as ‘good’ or better, with 41% rating the day ‘excellent’. All feedback received will be used to inform the next in-person Head Teacher’s meeting on 30th November.

4.6 Parental Advisory Group: Patrick McGlinchey (Executive Director, Connect) attended the recent Parental Advisory Group meeting to present to Parent Council Chairs in relation to the benefits of Connect. Connect are an independent charity who support parental engagement in education and offer a range of training and advice to local authorities, parent councils, and parents/carers across Scotland. Patrick will also be linking in with the Head Teachers meeting late November to ensure that all our schools are aware of the benefits to them and their Parent Councils.

Cheryle Burnett from National Parent Forum Scotland (NPFS) also attended to assist us with achieving greater consistency in our communication lines with Parent Councils, including reviewing the process for setting up email accounts.

4.7 Violence Against Women and Girls Project: In line with the above project, the development of School Mentors in Violence Prevention (MVP) remains an ongoing priority for the service. Capacity building sessions took place at end September for those schools already involved and initial training will be held for new schools engaging with the programme at end November. The service have extended their partnership working and capacity on this project by engaging two Youth Engagement Officers from Police Scotland and Argyll and Bute Rape Crisis. One of our teachers will also be undertaking training to become a MVP Trainer to build further capacity and support across the local authority, ensuring that the programme is sustainable.

4.8 Argyll and Bute Trauma Conference: Planning continues for the *Building a Trauma Responsive Workforce* conference at the Queens Hall, Dunoon on 16th November. The aim of this conference is to ensure that across all services careful consideration is given to national practice, making sure that collaboration and relationships are at the heart of everything we do, recognising and responding effectively to trauma. There are 160 delegates signed up to attend the conference from a wide range of stakeholders including Health, Social Work, carers, Education, young people, Third Sector/Charity groups, Scottish Children's Reporter Administration, and Children's Hearings Scotland.

4.9 Developing the Young Workforce (DYW): Argyll and Bute DYW continues to work closely with schools, employers and partners to ensure the best work-based vocational learning opportunities for our young people, and to support the employability curriculum across our schools. The team of DYW Co-ordinators continue to initiate and develop links between schools and employers, which have resulted in increased and more bespoke work-experience opportunities for young people, and increased employer engagement in careers events in schools.

At the recent Quarterly Review with the Scottish Government, the number and breadth of DYW Argyll and Bute's initiatives with schools and employers were commended, with the request that practice within Argyll and Bute be shared across other Local Authorities.

4.10 Secondary Attainment Meetings: The autumn Attainment Meetings between Education Management, the Executive Director and school leaders are currently underway. A new approach to these meetings has been formulated to analyse all aspects of attainment and achievement in individual secondary schools. An increased focus on high expectations and how schools are maximising opportunities for all learners, regardless of circumstance, ability or place, is challenging and empowering schools to improve curriculum and attainment in their own contexts. Feedback from Head Teachers has been positive and appreciative, and the process will be evaluated fully to ensure maximum effectiveness and impact.

4.11 Early Years Team: During this term the team have been busy pushing forward with strategic priorities around building Early Learning and Childcare (ELC) staff knowledge and understanding around the rights of children, as they are enshrined within the UN Convention on the Rights of the Child (UNCRC). The team have also been delivering training to settings around positive behaviour management strategies, in response to local and national awareness of the impact upon Covid

lockdowns on young children's developmental progress around attention, regulation and speech and language development.

The Childcare Purchase pilot on the Isle of Bute continues, which is looking at how we can make best use of current staffing within Rothesay Joint Campus ELC to support working parents of non-eligible 2 year olds. Whilst small in size, it is anticipated that this pilot, and the simultaneous childminder recruitment drive on the island, will help bridge the 0-3 childcare gap on the island, following the closure of a partner provider by Care Inspectorate.

A similar venture is planned for Tiree, as this is another area where there are currently gaps in the availability of childcare for working parents of our youngest children.

4.12 Enhancing Literacy Skills for those with Additional Support

Needs: Argyll and Bute has continued to improve leadership opportunities for Support staff in line with recommendations from the Scottish Government's Additional Support for Learning Morgan Review (2020).

Eight LGE7 posts have been created for Lead ASN Assistants (Literacy Enhancement) – two within each of the four geographical areas. These posts will:-

- Assist schools in meeting the support needs of targeted groups to enhance outcomes and attainment in relation to literacy;
- Improve engagement with education through the use of assistive technology
- Develop effective support mechanisms using assistive technology for children/young people and staff to remove barriers
- Upskill staff working with children/young people using assistive technology to support literacy difficulties
- Build relationships between home and school to support learning
- Track and monitor progression in literacy

It is also recognised that there is a need to extend quality training and the use of assistive technology to ensure that it is used in a more consistent way across the authority. This will help to reduce and remove barriers for children/young people with literacy difficulties

The Service also aim to recruit three Lead ASN for Care Experience Attainment between October and December 2022. Successful applicants will secure a fixed term contract from January until October

2023. These posts will focus on raising attainment at Broad General Education (S1-3). The current Health and Wellbeing Liaison Officers will continue to support children and their families as previously.

4.13 Celebrating Success and Continuous Improvement:

Kilcreggan Primary School have achieved a Digital Schools Award for their work in embedding digital technology in learning and teaching.

During lockdown, staff at Kilcreggan worked hard to make learning as engaging and interesting as possible through the creative use of technology, and they have continued to pursue this digital practice. To ensure continued improvement, staff, parents, pupils and the wider educational community were consulted, with their feedback being used to identify any gaps and areas for development.

I would like to congratulate the school for their hard work and dedication. They are worthy winners of this national award, which promotes, recognises and encourages a whole school approach to the use of digital technology in schools.

Oban High School (OHS) – I would like to wish Jodie Hoey, a Science Teacher from OHS, the very best of luck when she competes at the Commonwealth Powerlifting Federation Championships in New Zealand, which take place from 28 November to 4 December. Jodie only started powerlifting during lockdown so it is a tremendous achievement to be representing your country on an international platform just 2 years later. She is a great role model and an inspiration to all the young people that she teaches at OHS. I look forward to hearing how she gets on later this month.

5. POLICY LEAD FOR ROADS AND TRANSPORT - Councillor Andrew Kain

5.1 Introduction:

Since my last report, I have continued familiarisation with the Roads and Transport brief and council officers. As previously stated; with Argyll and Bute covering such a large and diverse area the Roads and Transport services confront significant challenges in delivering. As well as roads, the Service covers ports and harbours, ferries and airports. There is 2,300 Km roads (40% on islands) of varying standards across the second largest council, by area, in Scotland. So all of this presents some significant challenges for officers in their striving to deliver best value to the people of Argyll and Bute. This is particularly now a test to achieve and maintain high standards with hugely reduced resources.

I have also taken steps to progress important relationships across Argyll and Bute, nationally and through HITRANS in order to benefit future delivery of infrastructure and communications; particularly across our islands.

5.2 Major projects:

The following are in different stages of delivery and will contribute hugely in improving the economies and welfare of the communities they serve.

Campbeltown flood defences: a significant project newly underway which will greatly reduce the flood risk in the town while improving the resilience to the changing climate.

While there is some disruption as a result of construction, all will be made good by the contractor with significant benefits delivered for the future. There is a useful page on the Council website providing details about the works. This project has a value of over £15M with Scottish Government Flood Prevention Scheme funding 80% and the Council 20%.

Elected Members have received a presentation on the works and have conducted site visits and are engaged with the service and community in determining detail. The three local councillors have had an additional workshop session with officers to progress options for the reinstatement of Burnside Square following the installation of an underground water storage tank which will occupy much of the footprint of the square. They met again with officers on Tuesday 8th November on the site. Works are well underway on the ground and good progress is being made. Regular updates are being posted on the council web site detailing progress and upcoming sections of work.

Oban Harbour: A hugely significant programme that is advancing well and which will greatly benefit the economies of Oban, the Islands and Aquaculture businesses across Argyll and Bute. Establishing Oban as a Municipal Harbour is close to being delivered and the council has engaged with over 1,000 stakeholders. I remain engaged with members of OCDHA who are fully behind the development, indeed their insistence on detail continues to benefit the process. While the complexity and enormous number of moving parts make it impossible to satisfy every view, the unifying objective, on which all parties agree, remains to deliver a 'Harbour Revision Order' to Transport Scotland by end of year which will be endorsed; and which will lead to an enhanced safety environment across Oban harbour. Then on to the next phase where, with the help of OCDHA and other stakeholders we can ensure the effective management and commercial success of

Oban Municipal Harbour. Good progress is being made with the summer Navigational Risk Assessment informing the harbour limits and consultation feedback being used to finalise the draft Harbour Revision Order prior to these being formally considered by the Harbour Board next month.

The council also remains committed to reviewing options for extending the North Pier to deliver greater capacity.

Winter cover: The Council has a statutory obligation under Section 34 of the Roads (Scotland) Act 1984, to – “take such steps as it considers reasonable to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads”. In the Council area, which by definition includes carriageways, footways, footpaths, pedestrian precincts, etc. Our Roads and Infrastructure team have recently issued to Members a detailed briefing setting out how the winter policy is delivered. Treating the council’s road network through the winter period is a complex logistical operation and the briefing provides a clear overview of this process. I look forward to working with officers and overseeing this process in the coming months.

The service has in place a plan as delivered in previous years with the objectives of: ensuring the provision of a standard treatment appropriate to the prevailing weather conditions and; establish patterns of working which will produce the greatest benefit from the deployed resources, with the view to reducing the level of risk and the extent of any delays to the public, caused by adverse weather conditions.

Home to School Transport: The council transports some 3000 school children between home and school each day. With the recent train strikes additional bus services have had to be provided to ensure that children can be adequately transported when the Oban and Helensburgh trains have not run. I am pleased to be able to report that successful arrangements have been put in place to replace trains which have not been available.

Roads Capital Programme: The majority of the roads capital carriageway programme has been delivered through the summer months. The teams are now turning towards delivering the various footway schemes and good progress is being made.

Qualifying Factors: As has been previously stated (and obvious) the current economic environment is not consequence free for Argyll and Bute and the Service. The inflationary pressures across the board will impact all aspects and create significant cost increases. The cost of all materials remains high! However, the Service is doing what it can to

mitigate the effects by such as, combining with other authorities to improve purchasing power, route optimisation, and everything in its power to maintain effectiveness with greatly reduced resources. We shall also be looking for community support in prioritising services.

Future: It is my intention to continue familiarisation within brief and further developing relations with officers as we jointly look to develop policy and maximise resource delivery for the benefit of all residents of Argyll and Bute. I will also be looking to enhance relationships, where I can, with agencies and organisations that contribute to, are associated with, the delivery of services to Argyll and Bute. If you have any issues or suggestions on how we can further mitigate pressures and improve services please feel free to contact me directly.

6. POLICY LEAD FOR CARE SERVICES – Councillor Amanda Hampsey

6.1 Primary Care:

From 5th September to the time of writing, teams have given 57,574 vaccinations. That means around 50% of the entire eligible population in Argyll and Bute have received their winter vaccines in line with the Scottish average. All consenting care home residents have been vaccinated.

The Vaccination programme is on track to complete the programme before 5th December, ahead of Government timescales.

There are some continued dental clinic closures due to Covid and patient access is being supported.

The Helensburgh Sexual Health clinic is reinstated, and work is ongoing to develop a service in Cowal as a priority. In addition, a full scoping exercise is underway to identify provision levels in Argyll and Bute as set against the national standards for Sexual Health.

6.2 Health and Community Care:

Winter Planning is now in place and plans have been submitted to the Scottish Government for assurance. Ongoing response support is on a weekly basis supported by the leadership 'huddle'. Meetings on delayed discharge meeting are in place which will strengthen the interface with the acute pathway to NHS Greater Glasgow and Clyde to support positive outcomes for patients and alleviate pressures across the system.

Wider resilience planning is undertaken as a multi-agency approach through the Local Resilience Partnership in line with recommendations.

The HSCP is communicating the Right Care Right Time, Right Place approach to support communities to access the right service at the right time.

Care at Home continues to be pressured with a focus on the mitigating actions around recruitment and retention and supporting independent providers.

The place based approach to service delivery is in its inception looking at the needs led approach and facilitating a multi-agency approach.

Staff support over the winter period continues to have priority with some in-person full team meetings having been held and further sessions in the planning.

6.3 Children, Families and Justice Services:

The review and renewal of the Children's Services Plan and the Children's Rights Report are both due in spring 2023. The next Children's Services Plan will run from 2023 to 2026.

The service has given feedback on the 'Bairns Hoose' draft standards. We do want to consider their application in remote and island settings and have requested the equalities impact assessment which is in progress.

Revised vetting standards for Justice Workers have been postponed and developments will now coincide with a new national offender management system due in 2024.

6.4 Mental Health:

The HSCP has recently commissioned Support in Mind Scotland to deliver Distress Brief Interventions in Argyll and Bute. The initial focus has been on awareness raising and training partner agencies, including Scottish Ambulance Service, Police Scotland, Scottish Fire and Rescue, the local authority and General Practitioners, so that they are able to refer people to this service. This work is in line with the national program.

The HSCP have recruited to the Associate Lead Nurse post for Mental Health, with the preferred candidate joining the team in the next three months. This role will enhance the Partnership's senior management

team and will have a specific focus on clinical and care governance and practice development across all mental health services.

The Scottish Government's Improving Mental Health Team visited mental health services in Mid Argyll on 26th October 2022. The team undertook a walk around of the inpatient facility in Succoth Ward and participated in a drop-in discussion session for staff from across the service.

6.5 Learning Disability and Neurodevelopmental conditions

Work is also ongoing to review and expand local core and cluster models in line with national policy (Coming Home Report).

In February last year the Scottish Government allocated a £20 million Community Living Change Fund to Integration Authorities via NHS Boards to:

- Reduce the delayed discharges of people with complex needs.
- Repatriate those people inappropriately placed outside of Scotland.
- Redesign the way services are provided for people with complex needs.

Our allocation of this is £300,701. Our two key intentions are to use this money to:-

- Employ a project manager on a fixed term contract for 18 months to review the care and support needs and arrangements of those currently placed outwith Argyll and Bute and to develop local pathways to support as many as possible to return home.
- Support staff to undertake Positive Behaviour Support Qualifications and become PBS Champions.

The Head of Service visited NHS Greater Glasgow and Clyde's LD Inpatient services on 5th November. They were introduced to the Project Manager who supports their action plan in respect of the Coming Home Report and the Community Living Change Fund. NHS Greater Glasgow and Clyde's Project Manager has offered to provide support and guidance to the Argyll and Bute Project Manager once recruited and in post.

In addition NHS Greater Glasgow and Clyde have set up a Learning Disabilities Collaborative and have the Chief Executives of the largest third sector organisations participating and leading on the subgroup work streams. The aim of these work streams is to support the development of specialist service provision, facilitate repatriation of people to their localities, ensure value for money and develop new models of care that are underpinned by evidence based practice.

NHS Greater Glasgow and Clyde has invited Argyll and Bute HSCP to join their collaborative and participate in this work. It is hoped that this will enhance opportunities for the people of Argyll and Bute who have a learning disability and will enhance our working relationship with NHS GGC.

We continue to developing a business case to support the development of a Neurodevelopmental Pathway for Argyll and Bute. This will be a joint venture between the Children and Families and Adult services.

**7. POLICY LEAD FOR PLANNING AND REGULATORY SERVICES –
Councillor Kieron Green**

7.1 Introduction: Since my last report I have chaired regular Planning, Protective Services and Licensing Committee meetings that took place in September and October, the Argyll and Bute Licensing Board in November, and several of the Local Review Bodies which have been convened. I have also attended a Clyde Regional Marine Planning Partnership meeting where increased community representation was considered.

7.2 Development Management: With the Central Validation Team operating at full capacity the time taken to validate planning applications has been reduced. This had reached 19 days in August, but by October been brought to under 10 days although this is still above the target of 5 working days.

Time to determine applications continues to rise however, and has now reached an average of 15.6 weeks compared to the target of 11 weeks. Issues with capacity and resilience of the service remain due to staff vacancies and unplanned absence, preventing a return to pre-pandemic performance of between 8 and 10 weeks.

Received planning fee income for 22/23 to date is £1.049m compared to a full year budget of £1.369m. Of this, £231k has come from major applications, and a further £150k from Section 36/37 submissions, which may require additional resource to process as recruitment to this team has not been successful.

Feedback from the Scottish Government for the Planning Performance Framework 11 is expected by early 2023.

- 7.3 Development Policy:** Work remains ongoing to progress development at Dunbeg with the new A85 junction subject to a traffic impact assessment required by Transport Scotland, amendments to the Lorn Arc Tax Incremental Financing being pursued with the Scottish Government and an Economic Impact Assessment underway.

The 'Strategic Delivery and Development Framework' for the Faslane Maritime Change Programme is continuing to advance with discussions regarding a shared blue light services centre, and a survey of demand from the base to be actioned by the Royal Navy.

The Simplified Planning Zone in Lochgilphead, which aims to make it easier for people wishing to build their own home has been advanced with the former primary school now demolished.

- 7.4 Building Standards:** Income from Building Warrants to the end of September was £589k, which is £82k over budget and includes continued processing from East Lothian and Dundee Councils.

A number of dangerous buildings are being monitored by officers across Argyll, who also responded when a vehicle went through a residential property.

- 7.5 Regulatory Services:** Following Short Term Lets policy approval by Council recruitment of a new team to issue licenses has commenced. While this is underway existing officer resource is being prioritised to process applications for new properties, as these require a licence now, with existing accommodation having until the end of March 2023 to have a licence applied for. Consideration of Planning Control Areas, and a coordinated approach with Lomond and the Trossachs National Park have been the subject of Steering Group discussions.

Outbreaks of avian influenza continue nationally, principally in England. There are no reported cases or outbreaks in Argyll and Bute, and reports of dead bird carcasses washed onto our shores have reduced. The situation is being monitored by the animal health team with updates provided through the council website.

After lobbying by local authorities, the Scottish Government sought approval from the UK Government for piloting remote property inspections for the Ukrainian Resettlement program. Argyll and Bute is now one of three authorities in Scotland that are part of this, which is using a risk based approach to reduce resourcing requirements where appropriate.

Measured Local Air Quality in Argyll and Bute is again good with levels of pollutants well below that set out in standards. However NOx levels have increased as transport usage returns to that seen before COVID.

8. POLICY LEAD FOR CLIMATE CHANGE AND ENVIRONMENT SERVICES - Councillor Ross Moreland

8.1 Introduction:

Following my first Policy Lead report presented to Council at the end of August, I continue to meet with officers on a monthly basis, to discuss a range of services within the Council, from waste management to grounds maintenance and cemeteries, as well as climate change.

8.2 Waste Management:

At my most recent meeting on 1st November, I met with the Executive Director, Head of Roads and Infrastructure, the Fleet, Waste and Transport Services Manager and the Performance Manager for the Waste Service. Our discussions focussed on matters relating to waste, and the Waste PPP Options Appraisal report which has now been produced. Officers have prepared a detailed report which is on the agenda for the Environment, Development and Infrastructure Committee, scheduled on 1st December 2022. Officers have also arranged a Members Seminar on 17th November, to take all Elected Members through a range of detail and proposed next steps.

8.3 Grounds Maintenance:

With the winter months approaching, the grounds maintenance team have their final schedule of grassing cutting cycle taking place. Officers were also involved in a range of maintenance for the Remembrance Sunday events, which took place across Argyll and Bute.

8.4 Climate Change:

Officers reported a downward trend across the Council in terms of our annual carbon emissions footprint. The most recent national statistics show we have reduced our footprint by a third over the past six years, which is fantastic, but there is no room for complacency or deceleration. Officers continue to monitor this activity and all departments across the Council, including us as Elected Members, have a responsibility to play in monitoring and reducing our carbon emissions.

The Council's Decarbonisation Plan was adopted in 2021 to support and align to the 'green recovery' from the pandemic and much progress has been made to delivering climate commitments. The De-

carbonisation Plan sets a three-year framework to continue our climate journey and routemap to net zero.

Officers are continuing to work with partners of the Community Planning Partnership and other Public Bodies in terms of producing a regional Adaptation Plan and scientific based net zero routemap.

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.

As Policy Lead with responsibility for Climate Change, I have joined the Council's Climate Change Board. The Board is chaired by the Head of Commercial Services, and has representations from services across the Council, looking at how the Council will meet its obligations by 2045.

8.5 Carbon Literacy Training:

Along with several colleagues across the chamber, I have also had the pleasure of undertaking the Carbon Literacy Training delivered to small cohorts of councillors by Argyll Coast and Countryside Trust (ACT).

These training sessions focussed on the science behind climate change and what we can do ourselves to act on climate change both at a personal level as well as at organisation level.

This training was intensive and incredibly useful and I would strongly encourage any fellow councillor who hasn't already done the training to find out more about future sessions. It involves two separate sessions, working in small groups, with an assessment exercise to complete. Participating in this training strengthens our overall carbon literacy and climate change aims and activities and I recommend it to colleagues as a highly worthwhile exercise.

9. POLICY LEAD FOR ISLANDS AND BUSINESS DEVELOPMENT- Councillor Liz McCabe

9.1 Islands:

Scottish Governments Islands Infrastructure Fund

After the successful application to this Scottish Government fund for £100k project to establish Digital Hubs on the Islands of Islay, Iona, Coll and Tiree the first two public drop-in sessions were supposed to have taken place but have had to be postponed due to adverse weather conditions. Both visits were due to include representatives from the

NHS 'Near Me' Team and Councils Telecare Team. Further dates are yet to be organised. However with these cancellations highlights the importance of digitally enabling remote island communities.

Islands Programme 2022/23 – total allocation £740,000

Two out of the four bids were successful with our total award being £350,000 for:

- Island Community Halls Digital Hubs – Islay, Iona, Tiree and Coll - £100,000 IP grant request. This represents 100% of the costs.
- Tobermory Seawall and Railings project - £250,000 IP grant request. Total project costs is £450,000, remaining £200,000 being requested from PBI and CE 2022/23 allocation

Islands Programme 2023/24 – yet to be confirmed

Scottish Parliament – Rural Affairs, Islands and Natural Environment Committee (RAINE) have been undertaking a review of the IP and particularly the introduction of the competitive process as opposed to the direct award to councils as was the case for the 2021/22 allocation. The Chief Executive was invited to provide evidence to the committee.

Link to the Committee's website:

<https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-rural-affairs-islands-and-natural-environment-committee>

Scottish Government Carbon Neutral Islands Project – Islay

Community Energy Scotland has been appointed by the Scottish Government to act as the lead at the local level with regard to all 6 pilots.

Local steering groups are being set up, the Islay group is being supported by Islay Energy Trust (IET) until a project officer is appointed and they will sit with IET. The first piece of work is the collection of data and production of a community climate plan.

9.2 Business Gateway:

COVID-19 Response: Members will recall from my previous report that two new business support schemes were launched in May, using the Local Authority COVID Economic Recovery funding, administered by the Business Gateway team.

The Small Business Development Grant 2022 provides grants to existing businesses of up to £3,000 (75% of eligible costs). 74

applications have been received. 55 approved, 9 rejected, 3 withdrawn and 7 pending. £54k remains available (18 awards).

The Business Start-up Grant 2022 provides grants to new start businesses of up to £3,000 (paid in 3 instalments). 49 applications have been received. 42 approved, 4 rejected and 1 pending. Just under £30k remains available (10 awards).

Both funds are expected to be fully subscribed before Christmas.

£35,000 of the Sector Support Grant funded by the Local Authority Covid Economic Recovery fund has been used to provide start-up or development grants in Dunoon, Campbeltown or Bute, in line with the objective that the fund is targeted at the areas of greatest need. The remaining £115,000 will be used by the Projects and Regeneration Team for the pilot premises top-up scheme.

Business Gateway Local Growth Accelerator Programme (LGAP): Programme of business support worth £855,239, leveraging £524k of EU Structural Funds. Due to the conclusion of the EU Structural Funds programme, this will close shortly. The deadline for new registrations is 5 December 2022 and 30 January 2023 for applications for grants or specialist advice.

The programme continues to show a positive impact. Follow up work to date with 113 recipients of support shows that their combined turnover has increased by more than £9.1m (48%) and employees by 127 (42%) since registration, despite the pandemic.

Claim 5 has been submitted for expenditure of £156,794. This is currently being verified by the Scottish Government.

Total committed spend to date is £727,711 (85% of target), comprising

- £644,919 grants
- £59,379 specialist advice
- £23,413 marketing

DigitalBoost: This programme of digital support is funded by the Scottish Government and delivered via Business Gateway. The budget for 2022-23 is £25,488.

To date 5 in depth digital expert help sessions (50% of annual target) and 33 one hour surgeries (47% of annual target) have taken place.

Business Growth programme pilot: Participant feedback on this pilot of intensive one to one coaching and group sessions was positive. A second cohort of the programme will take place in 2023-24.

Framework Agreement for the provision of specialist advice to businesses: Scoping work has begun to identify the requirements for a new tender, to replace the current Framework that expires March 23.

Key stats - Business Gateway Support:

- 344 enquiries handled
- 322 business adviser meetings
- 204 existing businesses supported with one to one advice
- 67 new start-up businesses supported
- 24 one hour expert help surgeries (13 Finance, 4 HR, 4 exporting/importing, 3 Marketing)
- 175 attendees at webinars
- 92% customer satisfaction

9.3 Employability Team Activity:

Fair Start Scotland: (for 16 to 67-year-olds) - 15 additional starts have signed up to Fair Start Scotland, bringing the total to 324 participants since the service commenced (69 Helensburgh, 75 Campbeltown, 37 Rothesay, 58 Dunoon and 85 Oban). Key Workers have supported a total of 111 people into work. 78 of these job starts have occurred during the COVID-19 period.

PeoplePlus continue to set targets, in October we over achieved our start target of 10 finishing on 12 starts. Of these starts, five were JobCentrePlus (JCP) referrals and seven were achieved due to the marketing work carried out by the team. We also achieved eight job starts to finish top partner out of the five partners in the Highlands and Islands.

We continue to complete the Marketing Action Plan detailing the activity carried out to promote the service. One of our Keyworkers attends the fortnightly Resettlement Group meetings, as such we are seeing quite a few Ukrainian refugees receiving support from Fair Start Scotland. This cohort of participants are extremely keen to move into employment.

Argyll and Bute Employer Recruitment and Training Incentive (ABERTI): (for 16 to 67 year olds) - Applications for this fund ceased at 31/03/22. A total of 37 participants and 28 employers were supported. To date 32 participants have completed the 52 week funded period or left early, 25 (78%) are in employment. 18 (72%) of which retained by the employer accessing the funding and seven (28%) have moved to another employer. The remaining five continue to do well in their subsidised employment.

No One Left Behind - Employer Recruitment Incentives (ERIs) 25+ Years: Applications are invited in respect of the ERIs of up to £6,000 per person.

This allows unemployed people aged 25+ years the opportunity to move into permanent or a fixed term employment contracts of up to 18 months or more.

This funding has attracted four employers who have recruited a total of six employees utilising this funding. It is encouraging to note two of these employees are aged 60 years plus. A further four places remain. Our Employer Engagement Worker continues to promote this funding.

No One Left Behind – Pre-employment support: Up to 30th September 2022, 56 participants aged 25+ have been supported by the pre-employment support delivered by our LEP partners. Of these, six are now in employment either on permanent or temporary contracts and two are self-employed. The whereabouts of five are unknown and the remainder continue to be supported.

Twelve participants have achieved recognised / accredited training and qualifications.

The next partner quarterly return covering 1st October 2022 to 31st December 2022 is due on the 14th January 2023. This return will again provide updated figures in relation to positive destination and participant's whereabouts.

A further grant allocation of £228,017.65 in respect of 22/23 is available.

Parental Employability Support Fund (PESF) - 16 to 67 year olds: Delivery of PESF continues to go well. This service is funded by the Scottish Government and designed to support low income families to increase their income through work, both through supporting parents to access paid employment and in helping those in lower paid jobs to progress to higher income.

Our two part-time PESF Engagement Workers deliver intensive in and out of work employability support, including person centred support to upskill, apply for jobs, gain progression whilst employment, money advice, health support, motivational support, etc. A total of 62 parents have now joined the service.

Approval to accrue all 21/22 underspent monies to 2022/23 has been

granted by the Cabinet Secretary and the Memorandum of Understanding received.

A further grant allocation of £149,219.53 in respect of 2022/23 is now available.

The Young Person's Guarantee - 16-24 year olds: A total of £1,153,570 has been received from the Scottish Government between 20/21 and 21/22.

Approval to accrue all 21/22 underspent monies to 22/23 has been granted by the Cabinet Secretary and the Memorandum of Understanding received.

Of the 62 young people, 62 completed their waged opportunity or left before their 26 week anticipated end date. A total of 51 (82%) are in positive destinations; 39 (63%) have remained in employment with the same employer post subsidy, ten (16%) have moved into sustainable employment with another employer and two (3%) are attending college or school. The remaining 11 young people (18%) are currently unemployed or their whereabouts is unknown.

Third sector interface (TSI) Argyll & Bute is supporting 27 participants, of which 25 have started and successfully completed volunteering placements. Three participants have moved into employment and one into a modern apprenticeship.

Up until 30th September 2022, the three Local Employability Partners appointed have successfully delivered Pre-Employability Support to 133 young people, 36 are in employment, three have progressed into a modern apprenticeship, 14 are carrying out volunteering, four returned to school and five have entered into further education.

The next partner quarterly data return covering 1st October 2022 to 31st December is due on the 14th January 2023 and will provide updated figures in relation to positive destinations and YPG participant whereabouts.

Argyll and the Islands Community Led Local Development (CLLD) Fund: This has been provided by the Scottish Government as a replacement for the previous EU rural development fund LEADER. It is part of the Scottish Government's CLLD programme. The delivery will be overseen by the Argyll and the Islands Local Action Group (LAG) and will be administered Argyll and Bute Council as the Accountable Body. The principles of bottom up, partnership, integration, innovation, co-operation, networking, and area-based approaches will apply to the

fund. The CLLD Fund was launched on Friday, 30th September and closed to applications on Sunday, 23rd October. The newly established Argyll and the Islands CLLD Local Action Group will meet on Monday, 7th November to assess all the projects using a scoring matrix to decide which projects will be in receipt of CLLD monies. All projects must commit and spend all the funding by the end of March 2023 (very tight timescales).

9.4 Digital:

Reaching 100% (R100): An extra £36M has been allocated to the R100 programme due to an additional overall investment from the Scottish and UK Governments as well as the supplier BT. £6M is going to the South Lot and £30M going to the North Lot. This additional funding will add 1,448 premises to the current contract and is targeting islands, two of which are in Argyll and Bute. Mull is in line to get 63, bringing their total to 897 and Tiree are in line to get 98, bringing their total to 467. However due to this additional build the contract has been extended to 2028. A deployment plan with indicative build dates is to be provided in the coming weeks.

Argyll and Bute Council's Digital Exclusion Fund: We are about to provide funding of up to £40k to The Kerrera Development Trust to extend their Fixed Wireless Access (FWA) network to cover the remaining premises on the island to enable businesses and residents to order a Superfast Broadband connection if they desire. We are waiting on the Grant Funding Agreement to be returned allowing the project to commence.

Scottish Governments 4G Infill Programme (S4GI): This is a £28.75M Scottish Government Investment into mobile infrastructure to improve rural mobile 4G coverage. Argyll and Bute currently has two active masts with five in build stage and two in pre-build stage. Our two active mast are at Glenbarr and Bendoran on Mull, both with service being provided by EE, the latter is currently subject to an upgrade which will see Vodafone and Virgin O2 extend their 4G coverage on the island. An additional two sites on Mull are also being upgraded by this operator with service being available imminently.

Shared Rural Network (SRN): This is a £1bn investment programme with £500M coming from the UK Government targeting Total 'Notspots' (no service 4G from any operator) and £532M from the four Mobile Network Operators (MNO's) targeting Partial 'Notspots' (4G coverage by some but not all operators). This investment will see a significant geographic coverage improvement, with coverage from one operator increasing from 74% to 91% and coverage from all operators increasing from 21% to 74%.

Current Stats (03/11/22)

- 94% of Argyll and Bute premises are connected to the fibre network
- 85.4% can access speeds >30Mbps
- 0.8% are between 24 and 30 Mbps
- 2.6% are between 15 and 24 Mbps
- 1.9% are between 10 and 15Mbps
- 5.9% are between 2 and 10Mbps
- 3.4% are below 2Mbps
- Full Fibre availability is currently at 4.9%

9.5 CHARTS:

CHARTS have successfully recruited a part-time Gaelic Culture Heritage and Arts Officer to input into delivery of CHARTS projects. CHARTS were also successful in their £40K application to the Scottish Government Rural and Islands Futures Division to grow creative networks on the islands by supporting youth opportunities and entrepreneurship. Creative individuals and organisations will be encouraged to develop new initiatives such as heritage trails and to develop innovative visitor experiences. A series of opportunities will also offer learning experiences for young people. The programme will include digital events featuring experts that will encourage the pooling of resources and knowledge.

As part of the project, a new Islands Officer role will be created and recruitment is being progressed. This new post on the CHARTS staff team will consult arts and heritage practitioners and voluntary groups to promote and support development for island communities, with the aim of increasing interest in the region's valued island culture.

9.6 CARS and THI Funding:

Rothesay TH: Following on from Rothesay THI (2011-2016), Rothesay TH is the largest of the four programmes, and is due to complete on 31st March 2023, by which date the combined investment made to the town centre of Rothesay will be £7m. Rothesay TH is funded by National Lottery Heritage Fund, Historic Environment Scotland, Argyll and Bute Council (£300k), Highlands and Islands Enterprise, Smarter Choices Smarter Places and LEADER. Work is ongoing to see the comprehensive repair of the final priority building at 69-71 Victoria Street, which is category C listed and in need of substantial repair.

Work at the existing priority building at 1 Tower Street/37 Victoria St is expected to be completed in November.

Dunoon CARS: Dunoon CARS is a £2m programme, due to complete on 31st March 2023. Dunoon CARS is funded by HES and the council (£500k). Tenders are in for the final priority building at 106-110 Argyll Street and they are over budget so we are currently working with partners and the building owners to bridge the shortfall. If successful we hope to start works on site in November.

Lochgilphead CARS: Lochgilphead CARS is a £1.8m programme in its third year. Lochgilphead CARS is funded by HES, the council (£400k) and Private Sector Housing Grant (£186k). Work has started on the first priority building and the second building is at tender stage. Progress is being made with the remaining two priority buildings.

Helensburgh CARS: Helensburgh CARS is a £2.4m programme in its second year. Work is ongoing to progress priority buildings, meetings have been arranged with CARS Officer and architects. Small repairs grants and shop front grants scheme – two shop front grants have been applied for and training events have also taken place, the latest one being Historic Building Recording.

10. CONCLUSION

- 10.1** This report provides members with an update on each of the Policy Lead portfolios. Policy Lead Councillors will be happy to discuss any particular issues with colleagues as required.

Argyll and Bute Council – Policy Lead Councillors Report – 14th November 2022

For further information please contact Aileen McNicol, Leadership Support and Member Services Manager, telephone 01546 604014 or email aileen.mcnicol@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**COUNCIL****CHIEF EXECUTIVE****24 NOVEMBER 2022**

COUNCIL PRIORITIES

1.0 INTRODUCTION

- 1.1 The purpose of this report is to invite Members to put in place arrangements to identify the Council priorities for the new 5 year term, which are articulated in a manner that will allow Officers to deliver them on an operational basis.

2.0 RECOMMENDATIONS

- 2.1 Members are invited to identify the Council's priorities for the next 5 years;
- 2.2 It is recommended that the identified priorities are then developed and framed within the context of the Argyll and Bute Outcome Improvement Plan, the Council's Corporate Plan, and in line with the requirements of Best Value.
- 2.3 That the Chief Executive is requested to develop a delivery plan, setting out how the council will operationally deliver on the priorities.

3.0 DETAIL

- 3.1 Following the elections on 5 May 2022 a new Council is now in place until 2027. It is important that the Council sets out its key priorities for delivery during this period.
- 3.2 In line with the common practice for previous Councils, it is proposed that the priorities are developed and framed within the context of the Argyll and Bute Outcome Improvement Plan. This underpins everything that we do in Argyll and Bute, in partnership with our Community Planning Partners.
- 3.3 It is important that the Corporate Plan is also taken into consideration as part of the process to develop the Council priorities. It is due to be renewed this year, and the priorities for 2022-2027, once approved, will inform the development of the new Plan.

3.4 The Council has agreed to move from individual service plans to the production of a Business Plan. The Business Plan will effectively set out the way in which the Corporate Plan priorities will be delivered. It is therefore recommended that once the priorities are agreed that officers are requested to develop an appropriate delivery plan which will be reported to Council for approval in due course.

4.0 CONCLUSION

4.1 Members are invited to develop priorities for the next 5 years, and it is recommended that these are developed in line with previous approaches, taking account of the Argyll and Bute Outcome Improvement Plan, the Corporate Plan, and the aspirations of our communities.

5.0 IMPLICATIONS

- 5.1 Policy – none at present
- 5.2 Financial – none at present
- 5.3 Legal – non at present
- 5.4 HR – none at present
- 5.5 Fairer Scotland Duty: - none at present
 - 5.5.1 Equalities - protected characteristics
 - 5.5.2 Socio-economic Duty
 - 5.5.3 Islands
- 5.6 Climate Change – none at present
- 5.7 Risk – none at present
- 5.8 Customer Service – none at present

Pippa Milne

Chief Executive

1 November 2022

For further information contact: Pippa Milne, Chief Executive, telephone - 01546 604350 email – pippa.milne@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**COUNCIL**

24th November 2022

POLITICAL MANAGEMENT ARRANGEMENTS

1. INTRODUCTION

- 1.1 At its meeting on 29th September 2022, the Council considered a report on the vacant positions within the Council, on its committees and on various external organisations, following the sad passing of Councillor John McAlpine, who represented Ward 2, Kintyre and the Islands.
- 1.2 The Council dealt with a number of those appointments at that meeting, and agreed to consider the remaining vacancies at a future meeting following the Ward 2, Kintyre and the Islands by-election count which took place on 30th September.
- 1.3 The council is invited to consider what action it wishes to take in light of the vacancies and appointments detailed in the recommendations and report below.
- 1.4 Councillor Alastair Redman was elected to Ward 2, Kintyre and the Islands, on 30th September. More detail about the election result is available on the Council's website at [By-election - Kintyre and the Islands - 29th September 2022 \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk/By-election-Kintyre-and-the-Islands-29th-September-2022) . The council is asked to note the updated political composition of the Council as set out at Appendix 1.

2. RECOMMENDATIONS

- 2.1 The Council is invited to consider what action it wishes to take in light of the remaining council and committee vacancies, listed at paragraphs 3.1 and 3.2 of the report;
- 2.2 The Council is asked to note the updated political composition of the Council, as set out at Appendix 1; and
- 2.3 The Council is asked to consider making an appointment to the ACHA Board.

3. DETAIL

3.1 Council Roles

The following council roles remain vacant following the passing of Councillor John McAlpine:

- a) Policy Lead for Community Planning and Corporate Services
- b) Chair of the Mid Argyll, Kintyre and the Islands Area Committee

It should be noted that Policy Leads are appointed to such positions by the Council on the nomination of the Leader. The relevant provision in the constitution is –

Part A Part II, Paragraph 6(3) – The Council accepts that Policy Leads and Depute Policy Leads will be appointed to such positions by the Council on the nomination of the Leader. A Policy Lead will hold office until otherwise determined by the Council (but not beyond the life of the Council) unless:

- *S/he is suspended from being a councillor in terms of the Ethical Standards in Public Life (Scotland) Act 2000 (although s/he may resume office subject to the approval of the Council at the end of the period of suspension)*

3.2 Committee Vacancies

There are also vacancies remaining on the following committees:

- a) Policy and Resources Committee
- b) Environment, Development and Infrastructure Committee
- c) Argyll and Bute Harbour Board
- d) Employee Joint Consultative Committee
- e) Local Negotiating Committee for Teachers
- f) Argyll and Bute Community Planning Partnership Management Committee

3.3 Area Committee Appointments

As one of the three councillors elected to represent Ward 2, Kintyre and the Islands, Councillor McAlpine was appointed to Islay and Jura Community Enterprise Ltd at the Mid Argyll, Kintyre and the Islands Area Committee meeting on 8th June 2022. This note is provided for the council's information only, with no action required at this stage, as this appointment is one of those made at Area Committee level, and is likely to be picked up at the next appropriate Area Committee meeting following the Ward 2 by-election.

3.4 ACHA

The recent resignation of Councillor Tommy Macpherson from the Board of Argyll Community Housing Association (ACHA) leaves a vacancy for appointment to that Board.

3.5 Political Composition of the Council

Councillor Alastair Redman has confirmed to the Executive Director with responsibility for Legal and Regulatory Support that he has joined The Argyll, Lomond and the Isles Group (TALIG). The updated political composition of the Council is set out accordingly at Appendix 1.

4. CONCLUSION

- 4.1** This report notes the result of the Ward 2, Kintyre and the Islands by-election and the subsequent election of Councillor Alastair Redman on 30th September. It outlines a number of remaining vacancies within the Council and on its committees, and invites Council to consider what action it wishes to take in this regard. An update on the Council's political composition is also provided for noting.

5. IMPLICATIONS

5.1 **Policy** – none

5.2 **Financial** – The Council will incur costs arising from Elected Members' participation in some meetings, except where the body has its own allowances scheme.

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 – None

5.8 Customer Service – None

**Douglas Hendry
Executive Director with responsibility for Legal and Regulatory Support**

11th October 2022

For further information please contact Aileen McNicol, Leadership Support and Member Services Manager, on 01546 604014 or by email on aileen.mcnicol@argyll-bute.gov.uk

Appendix 1 - Political Composition of Argyll and Bute Council, 30th September 2022

Argyll and Bute Council - Political Composition
<p>ARGYLL FIRST (2)</p> <p>Donald Kelly (Ind) (Leader of Argyll First) Douglas Philand (Ind) (Depute Leader of Argyll First)</p>
<p>INDEPENDENT (1)</p> <p>Mark Irvine</p>
<p>SCOTTISH GREEN PARTY (1)</p> <p>Luna Martin</p>
<p>SCOTTISH LABOUR PARTY (1)</p> <p>Fiona Howard</p>
<p>SCOTTISH NATIONAL PARTY (12)</p> <p>John Armour Gordon Blair Jan Brown Math Campbell-Sturgess Audrey E Forrest (Depute Leader, SNP Group) Willie Hume Reeni Kennedy Boyle Jim Lynch (Leader, SNP Group) Ian James MacQuire Dougie McFadzean Julie McKenzie Iain Shonny Paterson</p>
<p>THE ARGYLL, LOMOND AND THE ISLES GROUP (19)</p> <p>Garret Corner (Con) Maurice Corry (Con) Robin Currie (LibDem)</p>

Kieron Green (Ind)
Amanda Hampsey (Con)
Daniel Hampsey (Con)
Graham Hardie (LibDem)
Andrew Kain (Ind)
Paul Donald Kennedy (LibDem)
Tommy Macpherson (Con)
Liz McCabe (Ind)
Yvonne McNeilly (Con) (Leader, TALIG)
Ross Moreland (LibDem)
Gary Mulvaney (Con)
Gemma Perfold (Con)
Alastair Redman (Ind)
William Sinclair (LibDem)
Andrew Vennard (Con)
Peter Wallace (Con)

Note:

Con - Scottish Conservative and Unionist Party

Ind - Independent

LibDem - Scottish Liberal Democrat Party

ARGYLL AND BUTE COUNCIL**COUNCIL****LEGAL AND REGULATORY SUPPORT****24 NOVEMBER 2022**

**2023 REVIEW OF UK PARLIAMENT CONSTITUENCIES – BOUNDARY
COMMISSION FOR SCOTLAND PROPOSALS**

1.0 INTRODUCTION

1.1 This report provides information on the Boundary Commission for Scotland consultation on its proposals relating to the 2023 Review of UK Parliament constituencies.

1.2 These proposals align with the decision of the Council on 25 November 2021 in regard to:

The geographic extend of the boundary; and
That they take into account the comment from the Council in regard to the name of the Boundary.

2.0 RECOMMENDATIONS

2.1 The Council is invited to consider the Boundary Commission proposals and determine whether any further response is required with regard to the 2023 Review of UK Parliament Constituencies in light of the Council decision on 25 November 2021.

3.0 DETAILBackground to the Review

3.1 The 2023 review of UK Parliament constituencies is required by the Parliamentary Constituencies Act 1986 (as amended). The Review is being conducted simultaneously and independently by the four UK Parliamentary Boundary Commissions. It will result in a UK Parliament elected from 650 constituencies. Scotland has been allocated 57 constituencies for the 2023 Review, two fewer than at present. England has been allocated 543 (+10), Northern Ireland 18 (no change) and Wales 32 (-8).

3.2 The electoral quota for the Review, which is the average electorate per constituency across the UK, is 73,393, with the electorate of each constituency having to be within five per cent of that. That means that the smallest permitted electorate for a constituency is 69,724 and the largest permitted electorate is 77,062. The maximum permitted area is 13,000 square kilometres. In Scotland, exceptions to these limits apply for Na h-Eileanan an Iar constituency (Western Isles), and Orkney and Shetland constituency, each of which are defined in the legislation.

3.5 Due to the reduction in the number of constituencies, and the requirements for each constituency to have a number of electors within set limits, changes to constituencies are required.

3.6 Argyll, Bute and South Lochaber Constituency

The consultation was previously reported to Council on 25 November 2021.

The decision of the Council at that time was:

Argyll and Bute Council agrees that its formal response to the Boundary Commission for Scotland 2023 Review of UK Parliamentary Constituencies should comprise the following:

- a) Agreement with the proposals to extend the existing Argyll and Bute Constituency boundary to the north, to incorporate part of the current Highland Council Ward 21, as set out in the report and detailed in the map at Appendix 1;
- b) Rejection of the Boundary Commission for Scotland's proposal to rename the new constituency 'Argyll' and requests that the existing Argyll and Bute name is retained.

The Boundary Commission have published their revised proposals for a four week Consultation period ending 5 December 2022.

These proposals align with the decision of the Council on 25 November 2021 in regard to:

The geographic extend of the boundary; and

That they take into account the comment from the Council in regard to the name of the Boundary and can be seen at the following links.

www.bcomm-scotland.independent.gov.uk.

www.bcs2023review.com.

The Boundary Commission have maintained the constituency area on which the Council previously intimated its agreement, namely;

The current Argyll and Bute Constituency boundary will be spread north to incorporate part of ward 21 (Fort William and Ardnamurden) within Highland Council including areas such as Ballachullish, Kinlochleven, Morvern, Ardamurchan, Moidart and Ardgour. A map of the proposed geographic area is attached at Appendix 1.

The new constituency will be called Argyll, Bute and South Lochaber and will have 71,707 electors and cover an approximate area of 9,294 square kilometres. Geographically this is the second largest constituency in Scotland. These proposals are not dissimilar to those mooted in the 2018 or 2021 reviews while the name of the Constituency is now proposed to be Argyll, Bute and South Lochaber.

3.8 Election Responsibilities

With regards to the Returning Officer responsibilities for election

administration the inclusion of the additional areas will involve cross boundary cooperation with Highland Council in regard to polling stations staff, polling stations and other resources as well as creating a short term challenge for staff in familiarising themselves with the area of Lochaber and Ardnamurchan.

It will also be necessary to address that additional time for collection of ballot boxes and delivery to a count centre in Lochgilphead could mitigate against any night time counting of votes as the travel time from some of the outer areas such as Lochaline to Lochgilphead is up to 4 hours and that would be after the arrival of all boxes from outlying areas.

3.9 Further stages

The Boundary Commission have published revised proposals for a final 4-week consultation stage from 8 November to 5 December 2022. Responses to the earlier consultations, revised and existing constituency boundaries can be viewed at www.bcs2023review.com.

Final recommendations will be submitted to the Speaker before 1 July 2023.

4.0 CONCLUSION

4.1 The proposals are compliant with the legislative requirements placed on the Commission but represent a substantial increase in the geographical area of the constituency which will create the second largest in Scotland.

4.2 These proposals align with the decision of the Council on 25 November 2021 in regard to:

The geographic extend of the boundary; and
That they take into account the comment from the Council in regard to the name of the Boundary.

That being the case, the Council is invited to determine whether any further response is required with regard to the 2023 Review of UK Parliament Constituencies.

5.0 IMPLICATIONS

5.1 Policy - none

5.2 Financial – the costs of running an election will be increased but these are met by the Government

5.3 Legal - none

5.4 HR – there will be an increased burden on council staff in supporting elections covering the enlarged area

5.5 Fairer Scotland Duty - none

5.5.1 Equalities – protected characteristics - none

5.5.2 Socio-economic Duty - none

5.5.3 Islands - none

5.6 Risk - none

5.7 Customer Service - none

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

Policy Lead –

9 November 2022

For further information contact: David Logan, Head of Legal and Regulatory Support.

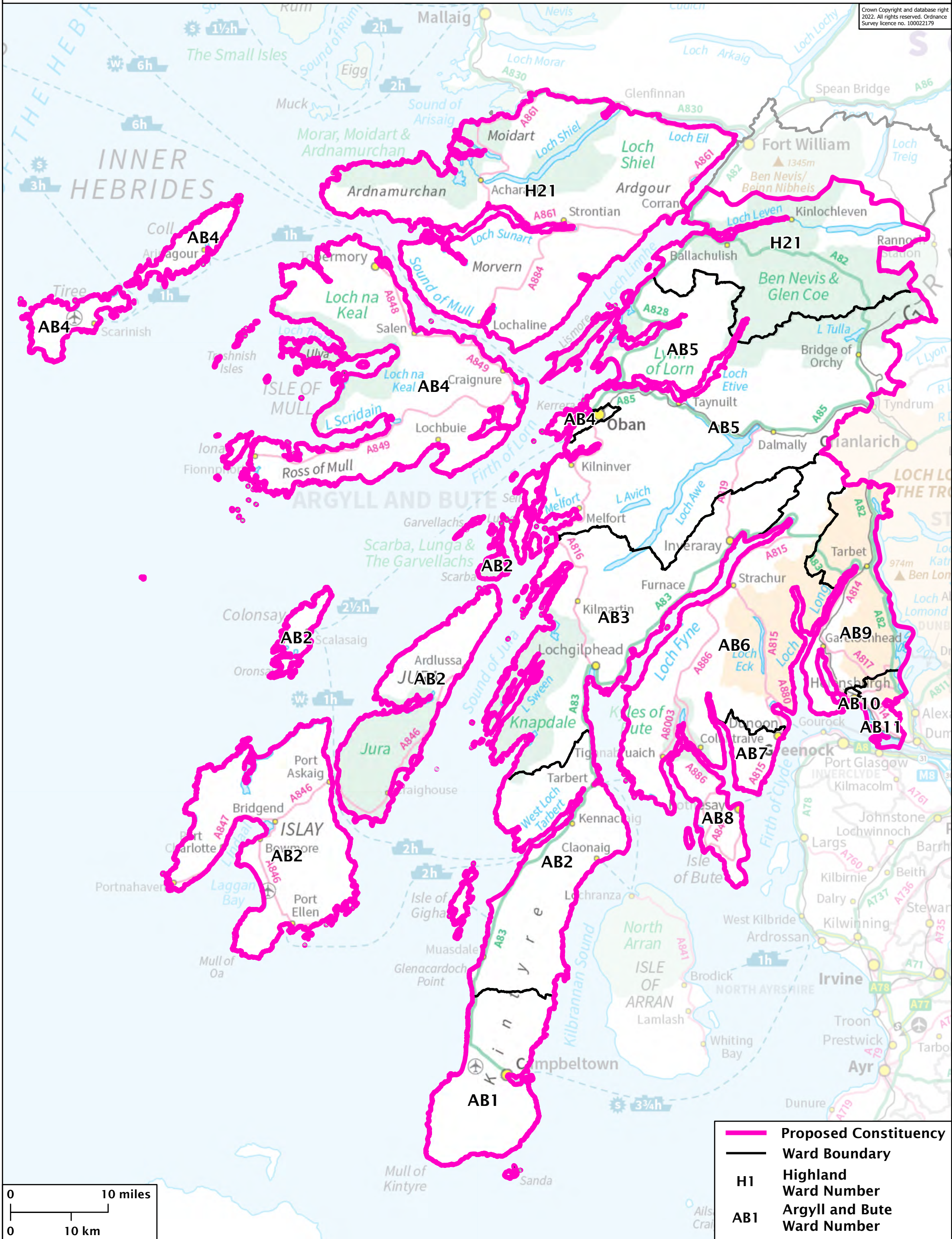
Appendix 1 - map of the proposed geographic area - Argyll, Bute and South
Lochaber

2023 Review of UK Parliament Constituencies - Revised Proposals

Argyll, Bute and South Lochaber County Constituency - Electorate 71,707



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	Proposed Constituency
	Ward Boundary
H1	Highland Ward Number
AB1	Argyll and Bute Ward Number

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ARGYLL AND BUTE COUNCIL**COUNCIL****LEGAL AND REGULATORY SUPPORT****24 NOVEMBER 2022**

DRAFT PROGRAMME OF MEETINGS 2023-24

1.0 INTRODUCTION

- 1.1 The Council's Standing Orders for Meetings require the Council to approve a Programme of Meetings for the Council and its Committees every year. Attached is a draft programme of meetings for the year 2023-24, based on the current committee cycle, which it is recommended that the Council approve.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Council consider and approve the draft Programme of Meetings for the year 2023-24.

3.0 DETAIL

- 3.1 Standing Order 20.1 requires that the Council approve a Programme of Meetings each year.
- 3.2 The current approved Programme of Meetings for the Council and its Committees runs until June 2023.
- 3.3 The Council is required to approve a Programme of Meetings for the period July 2023 to April 2024 and a draft is attached at Appendix 1 to this report.
- 3.4 It should be noted that Standing Order 20.2 makes provision for the Chair of a Committee (or in whose absence the Vice- Chair) for good cause to cancel or alter the date, time or place for a meeting but not after the summons for the meeting has been issued.

4.0 CONCLUSION

- 4.1 The Council's Standing Orders for Meetings require the Council to approve a Programme of Meetings for the Council and its Committees. The approved Programme runs until June 2023 and the Council is invited to approve a Programme of Meetings for the period July 2023 to April 2024.

5.0 IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial – Members travel and subsistence costs
- 5.3 Legal – Requirement of Standing Order 20.1

5.4 HR - None

5.5 Fairer Scotland Duty: None

5.5.1 Equalities – None

5.5.2 Socio-economic Duty - None

5.5.3 Islands - None

5.5.4 Climate Change - None

5.6 Risk - None

5.7 Customer Service – None

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

8 November 2022

For further information contact: Shona Barton, Governance Manager

APPENDICES

Appendix 1 – Draft Programme of Meetings 2023-24

Programme of Committee Meetings – up to June 2024

	2022	2023						July						2024					
Committee	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Council			Thu 23		Thu 27		Thu 29			Thu 28		Thu 23			Thu 22		Thu 25		Thu 27
Policy & Resources	Thurs 8		Thu 16			Thu 11			Thu 10		Thu 12		Thu 7		Thu 15			Thu 9	
Community Services	Thurs 15			Thu 9			Thu 8		Thu 24				Thu 14			Thu 7			Thu 6
Env, Dev, Inf *Harbour Brd	Thurs 1			*Thu 2			Thu 1		*Thu 31			Thu 30			*Thu 29			Thu 30	
PPSL	Wed 21	Wed 18	Wed 15	Wed 22	Wed 19	Wed 24	Wed 21		Wed 23	Wed 20	Wed 18	Wed 22	Wed 20	Wed 24	Wed 21	Wed 20	Wed 17	Wed 22	Wed 19
Audit & Scrutiny	Tues 20			Thu 16			Thu 15			Thu 14			Tue 19 or Thu 21			Thu 14			Thu 13
B&C Area	Tues 6			Tue 7			Tue 6			Tue 5			Tue 5			Tue 5			Tue 4
B&C CPG			Tue 7			Tue 2			Tue 15		Tue 31				Tue 6		Tue 30		
MAKI Area	Wed 7			Wed 1			Wed 7			Wed 6			Wed 6		Wed 28				Wed 5
MAKI CPG			Wed 1			Wed 3			Wed 30			Wed 1		Wed 31				Wed 1	
H&L Area	Tues 13			Tue 14			Tue 13			Tue 12			Tue 12			Tue 12			Tue 11
H&L CPG			Tue 14			Tue 9			Tue 22			Tue 7			Tue 13			Tue 7	
OLI Area	Wed 14			Wed 8			Wed 14			Wed 13			Wed 13			Wed 6			Wed 12
OLI CPG			Wed 8			Wed 10			Wed 16			Wed 8			Wed 7			Wed 8	
IJB		Wed 25		Wed 29			TBC												
CPP/Mgt Comm	Wed 7																		
Licensing Board			Tue 28		Tue 25		Tue 27			Tue 7		Tue 14							
Seminars																			

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ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****24 NOVEMBER 2022**

2021-22 AUDITED ANNUAL ACCOUNTS

1. EXECUTIVE SUMMARY

- 1.1 Audit Scotland have now completed their audit of the Council's Accounts for the year to 31 March 2022 and also the Charitable Trusts administered by the Council and have issued audit certificates containing no qualifications. They were able to conclude that the Accounts present a true and fair view of the financial position as at 31 March 2022. The Council's audited accounts incorporating the audit certificate for 2021-22 are attached as appendix 2 and the Charitable Trust Accounts are appendix 3.
- 1.2 The Council's unaudited accounts were completed and submitted by the statutory date of 30 June 2022. The audit has been completed within the timescale of 30 November 2022.
- 1.3 The main adjustments to the accounts, in addition to some presentational adjustments, are noted below and summarised in Appendix 1.
- 1.4 There was one adjustment that had an effect on the General Fund balance being the reversal of an accrual for Discretionary Housing Payment Income from the Scottish Government of £0.443m.
- 1.5 The financial position of the Council based on the audited accounts can be summarised as follows:
- Accounting Surplus on the provision of services for 2021-22 - £15.016m
 - Underspend against budget for 2021-22 - £1.630m
 - Total assets less liabilities at 31 March 2022 - £479.663m
 - General fund balance at 31 March 2022 - £96.087m.
- 1.6 The committed funds within the General Fund Balance are £88.990m per the audited accounts. This leaves an unallocated General Fund Balance of £7.097m. This equates to 2.7% of the Council's budgeted net expenditure for 2022-23 and exceeds the agreed contingency of 2% of approved budget as agreed as part of the 2021-22 budget.
- 1.7 Audit Scotland have issued the 2021-22 Annual Audit Report to Members and the Controller of Audit and this is attached as Appendix 4. The External Auditors Annual Report is positive. The report contains a number of key messages in respect of:
- The Audit of the 2021-22 Annual Accounts

- Unqualified audit opinion on the Council's and charitable trusts financial statements
 - Financial Management
 - The Council achieved a 2021-22 underspend of £1.630 million
 - There has been a significant increase in the level of General Fund reserves (£17.8m) largely related to the timing of Scottish Government funding that was unspent at year end.
 - The Council has appropriate and effective financial management arrangements in place that allow members and officers to scrutinise financial performance effectively.
 - Financial Sustainability
 - Medium-term financial plans have been developed for the period 2023-24 to 2027-28 and the Council has identified a cumulative budget deficit of £33m over this period. As part of its financial planning, the Council continues to explore savings proposals and service redesign options.
 - The Council should continue to review and update its medium-term financial plan as the financial consequences of Covid-19 and the cost of living pressures become fully determined.
 - Governance and Transparency
 - The Council has appropriate governance arrangements in place. In responding to the Covid-19 pandemic the Council has continued to revise its governance arrangements. The new arrangements are appropriate and support good governance and accountability.
 - There is effective scrutiny, challenge and informed decision making.
 - Best Value
 - The Council has an appropriate and effective best value framework in place.
 - The Council continues to make positive progress addressing the recommendations contained in our May 2020 Best Value Assurance Report.
- 1.8 The Annual Audit Report contains an action plan which Council officers have agreed management actions for. Progress against these actions will be monitored by Internal Audit using their established quarterly follow up process.

2. RECOMMENDATIONS

- 2.1 Note that unqualified certificates have been issued for both the Council 2021-22 Accounts and the 2021-22 Charitable Trusts
- 2.2 Approve for signature the Council's audited annual accounts for 2021-22.
- 2.3 Consider Audit Scotland's Annual Audit Report for 2021-22.

3. CONCLUSION

- 3.1 This report advises members on the conclusion of the audit of the accounts. The external auditor's certificate is unqualified. The audit was completed within the required timescales. Minimal adjustments were made to the accounts during the audit process. Audit Scotland have issued their annual audit report for 2021-22 which is predominantly positive.

4. IMPLICATIONS

4.1	Policy -	None
4.2	Financial -	None
4.3	Legal -	None
4.4	HR -	None
4.5	Fairer Scotland Duty -	None
4.5.1	Equalities -	None
4.5.2	Socio-Economic Duty -	None
4.5.3	Islands Duty –	None
4.6	Climate Change -	None
4.7	Risk -	None
4.8	Customer Service -	None

Kirsty Flanagan
Executive Director/Section 95 Officer
17 November 2022

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

Appendix 1 – Summary of Main Changes to Financial Statements Arising from Audit
Appendix 2 – Argyll and Bute Council Audited Accounts 2021-22
Appendix 3 – Charities Audited Accounts 2021-22
Appendix 4 – 2021-22 Annual Audit Report

APPENDIX 1 – SUMMARY OF MAIN CHANGES TO FINANCIAL STATEMENTS ARISING FROM AUDIT

Section of Financial Statements	Audited Accounts £'000	Unaudited Accounts £'000	Change £'000	Comments / Explanation
Comprehensive Income & Expenditure Account				
Chief Executives Net Expenditure	6,877	6,434	443	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Expenditure and Funding Analysis Statement				
Chief Executives Net Expenditure	6,877	6,434	443	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Balance Sheet				
Impact on Assets and Liabilities				
Long term Assets	717,383	687,461	29,922	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme.
Debtors	122,842	123,285	(443)	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Impact on Council Reserves				
General Fund Balance	(96,087)	(96,530)	443	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Revaluation Reserve	(157,645)	(145,903)	(11,742)	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme.
Capital Adjustment Account	(241,327)	(223,147)	(18,180)	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme.

Section of Financial Statements	Audited Accounts £'000	Unaudited Accounts £'000	Change £'000	Comments / Explanation
Statement of Movement in Reserves				
(Surplus)/Deficit on Provision of Services	(96,087)	(96,530)	443	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Cash Flow Statement				
Net (Surplus) on the Provision of Services	(15,016)	(1,025)	(13,991)	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme and reversal of DHP accrual.
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(6,652)	(20,643)	13,991	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme and reversal of DHP accrual.
Section of Financial Statements	Audited Accounts £'000	Unaudited Accounts £'000	Change £'000	Comments / Explanation
Group Comprehensive Income and Expenditure Account				
Net Cost of Service	(165,203)	(134,402)	(30,801)	Net of the adjustments above
Group Balance Sheet				
Long term Assets	727,738	696,433	31,305	Net of the adjustments above
Debtors	18,382	18,825	(443)	Net of the adjustments above
Investment in Associates & Joint Ventures	13,161	13,162	(1)	Net of the adjustments above
Impact on Group Reserves				
Total reserves	(523,231)	(492,370)	(30,861)	Net of the adjustments above
Group Statement of Movement in Reserves				
Group Comprehensive Income & Expenditure	(165,263)	(134,402)	(30,861)	Net of the adjustments below.
General Fund Balance	(96,087)	(96,530)	443	Reversal of an accrual for Discretionary Housing Payment Income from Scottish Government
Common Good	(9,663)	(8,299)	(1,364)	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme included Oban Swimming Pool.
Council Unusable Reserves	(394,480)	(364,558)	(29,922)	Desktop assessment regarding valuation of non-current assets that were not due to be re-valued as part of the 5 year rolling programme.
Share of Reserves of Associates	(17,400)	(17,382)	(18)	Adjustment as a result of changes with Associates Accounts

Argyll and Bute Council



Comhairle Earra Ghàidheal agus Bhòid



Audited Annual Accounts for the year ended 31 March 2022

LANGUAGE OPTIONS

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

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

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

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

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

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

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Management Commentary

1. INTRODUCTION

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

2. PROFILE OF ARGYLL AND BUTE COUNCIL

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

Argyll and Bute Facts – Our Profile

ARGYLL AND BUTE FACTS – PLACE

POPULATION



85,430

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



Argyll and Bute population has decreased by 0.51%

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

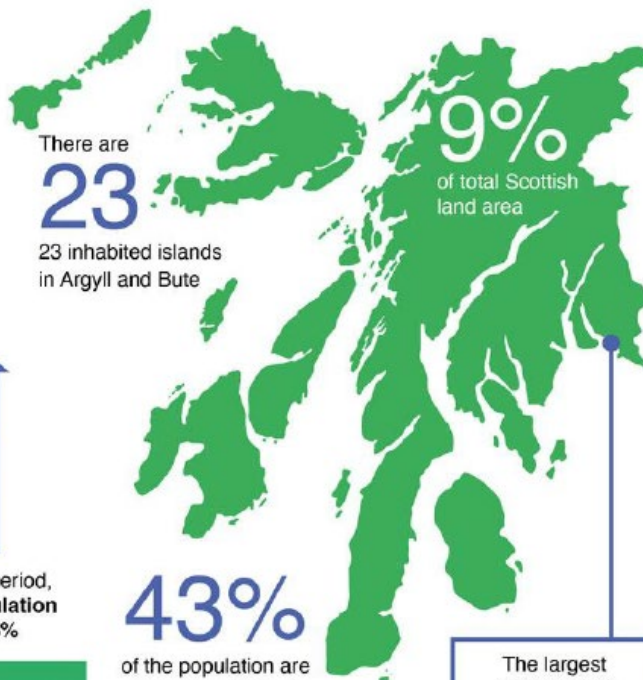
Between 2008 and 2020



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

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

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



Argyll and Bute covers over

2,668

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

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

Argyll and Bute Facts – Our Council

ELECTED MEMBERS



36

in total across
Argyll and Bute

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



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

ELECTORAL WARDS

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

THE COUNCIL IS A MAJOR EMPLOYER IN ARGYLL AND BUTE

4,663

Employed across
Argyll and Bute Area



There are

3,557

full time equivalent employees

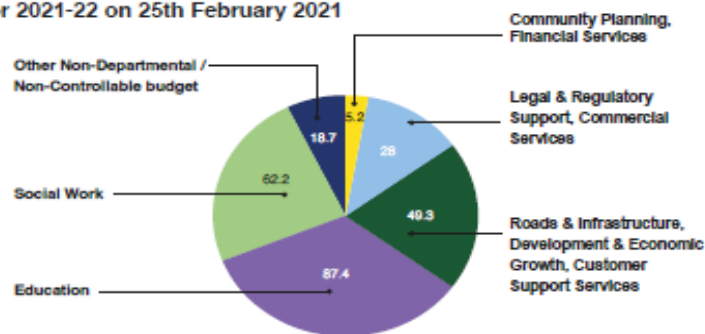


The Council has set the revenue budget for 2021-22 on 25th February 2021

The total revenue budget is

250.8M

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



3. MISSION AND PRIORITIES

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

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

Argyll and Bute is an area of Scotland with outstanding places, people and potential for a prosperous future for everyone. Our Council, along with our Community Planning Partners, is committed to ensuring that: **Argyll and Bute's Economic Success is built on a Growing Population.**

Management Commentary

Our six outcomes are:

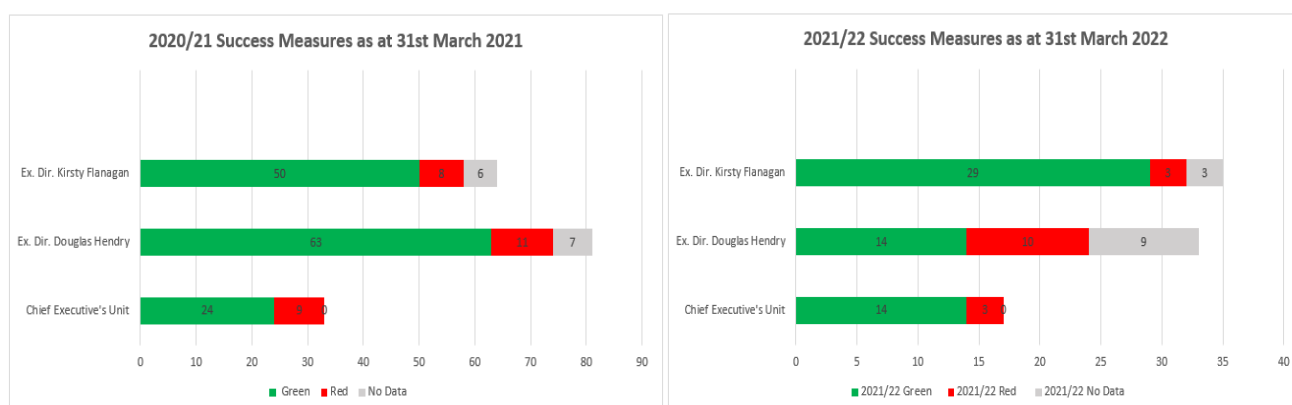
- People live active, healthier and independent lives
- People will live in safe and stronger communities
- Education skills and training maximise opportunities for all
- Children and young people have the best possible start
- Our economy is diverse and thriving
- We have an infrastructure that supports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

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

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

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

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



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

Management Commentary

People Live Active Healthier and Independent Lives

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

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



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

People will live in safer and stronger communities

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

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

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

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



Community Safety Partnership Strategy 2021-2023 Argyll and Bute

Management Commentary

Education skills and training maximise opportunities for all

The level of participation in education, training or employment for 16-19 year-olds in Argyll and Bute was 93.5% for 2021. Although this represents a slight decrease from 94.1% in 2020 (equivalent to around 20 young people), Argyll and Bute remains above the Scottish average in all three classifications and is ranked 10th in Scotland for participation across all local authorities. Collaborative working between secondary schools, Skills Development Scotland, Community Learning and the Argyll and Bute Employability Partnership seeks to address the challenges in sustaining employment for young people.

Schools have worked to develop a wide range of learning pathways for young people, enabling them to achieve a broad range of skills through national and wider achievement qualifications. A high number of young people enhanced their achievement portfolio last session and this has contributed to securing positive, sustained destinations upon leaving school, such as employment, further or higher education and training. Recovery from the pandemic-related dip in 2020 showed an increase from 92.45% to 95.01% in the percentage of young people in Argyll and Bute transitioning from school to a positive destination.

Children and young people have the best possible start

We are committed to increasing attainment and narrowing the poverty related attainment gap and since the publication of the Scottish Attainment Challenge 5 Year Impact Report, have put measures in place to aid recovery and improve attainment dips owing to the pandemic. This includes developing the data analytical, evaluation and quality improvement skills of staff so evidence-based decisions can be made, forming an important element of schools approach to Pupil Equity Funding. In collaboration with the authority link Education Scotland Attainment Advisor, key strengths in our work on addressing the poverty related attainment gap have been identified as:

- A strategic and collaborative approach to leadership of the Scottish Attainment Challenge, especially since 2018.
- A greatly increased awareness of and commitment to equity, both as a national priority and for its own sake. We have supported Head Teachers to have a high level of data-literacy and they apply this well to making improvements for equity.
- Prior to the Covid-19 pandemic and subsequent lockdowns, strong progress towards closing the gap between the most and least disadvantaged learners in several measures, including attainment in literacy and numeracy in the broad general education, especially in primary 7, and in the senior phase, especially at Scottish Credit and Qualifications Framework (SCQF) levels 4 and 6 had been made
- Successes in narrowing the gaps between the most and least disadvantaged learners in relation to attendance, inclusion, and sustained positive destinations for school leavers.
- A strategic and collaborative approach to a culture of nurture to support children and young people affected by trauma, including (but not only) in the context of COVID-19. This approach includes a programme to train all Children's Services staff in trauma-aware practices and to work with the Educational Psychology service to bring about cultural change in this context. This programme is leading to tangible improvements for many vulnerable young people.

Effective interventions have continued to be delivered to support the mental health and wellbeing of children and young people across Argyll and Bute. The Educational Psychology Service has continued to lead *Our Children Their Nurturing Education* programme with 29 schools now engaging and have also progressed work on Addressing Non-Attendance through collaborative working via the Maximising Attendance Working Group.

The Education Service has worked closely with partners across the Council to raise awareness of the incorporation of the UN Convention on the Rights of the Child into Scots Law and has provided

Management Commentary

support and challenge to schools to ensure that a child centred and rights based approach informs our practice. A number of schools are members of the Rights Respecting Schools Accreditation programme, with this number increasing year on year.

Our economy is diverse and thriving

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

Before



After



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

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

One of the main challenges we have faced in delivering Rothesay TH Projects was the impact of COVID19 on the construction industry and its effect on material costs. Although we had budgeted accordingly against projected costs, the rise in construction costs due to COVID19 meant that some works had to be reviewed as essential/desirable and in some cases owners had to increase contributions. With this in mind, another challenge was getting the property owners to agree in the first instance to move forward with the project. Despite attractive grant intervention rates it was not always easy to get the "buy in" from property owners, however stressing the importance of property maintenance and the implications if not addressed help with this challenge.

Rothesay All-weather Canopy

Using Scottish Government Town Centre Funding, Argyll and Bute Council supported community ambitions through delivery of an all-weather canopy with strong collaboration with the Bute Community Council, Isle of Bute BID and Elected Members.

The new all-weather canopy was installed to support local businesses by extending a typical season through offering residents and visitors cover for dining. The canopy has proved to be a successful community asset as a hub for seasonal events in turn increasing footfall into the town centre.



Rothesay Pontoons

The existing pontoons had reached the end of their useful life and have resulted in a negative customer experience that detracted from the wider offer of Rothesay and ultimately Bute. As part of an economic enabler it was proposed that the pontoons are replaced with a new piled system which will be more attractive and reliable for visiting vessels. It is forecast that a piled system will provide a safer structure, easier to maintain than a chain and anchor system, help attract more visitors to the harbour and ultimately generate additional income directly from berthing fees and indirectly additional income for local business as a consequence of additional visitors to the area. This project was achieved using funding from the Town Centre Fund and Crown Estates fund.



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.



Management Commentary

The number of people claiming [unemployment benefits](#) has decreased across most wards since the relaxation of the lockdowns. This is largely due to the reopening of some sections of the hospitality and leisure sector and the growth in the construction sector. The percentage of the working age population who are claiming unemployment benefits is 2.7% for Argyll and Bute, which is considerably lower than Scotland as a whole (3.3%). The age group most impacted by the pandemic in terms on the claimant count continues to be the 25-49 year old group, followed by the 50+ age group. All age groups now show a significant drop in the number of claimants. The claimant count for each electoral ward in relation to lockdowns. Shows that the hardest hit areas are those with a high dependency on tourism.

We have an infrastructure that supports sustainable growth

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

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

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



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

Management Commentary

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



4. FINANCIAL PERFORMANCE 2021-22



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

Revenue: Outturn against Budget

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

2021-22 Final Revenue Budget Outturn

	Actuals	Budget	Variance	Percentage
		Adjusted for Earmarkings	(Overspend) Underspend	
	£000	£000	£000	%
Chief Executive's Unit	5,751	5,769	18	0.31%
Executive Director (Douglas Hendry)	115,160	115,383	223	0.19%
Executive Director (Kirsty Flanagan)	49,123	49,697	574	1.16%
Total Departmental Expenditure	170,034	170,849	815	0.48%

Management Commentary

Joint Boards	1,490	1,496	6	0.40%
Loans Charges	9,382	9,382	0	0.00%
Pension Costs	1,798	1,745	(53)	(3.04%)
Other	9,664	9,279	(385)	(4.15%)
Total Central Expenditure	22,334	21,903	(431)	(1.97%)
Social Work	62,871	62,871	0	0.0%
Total Social Work Expenditure	62,871	62,871	0	0.0%
Total Expenditure	255,239	255,622	383	0.15%
Total Funding	278,706	277,459	1,247	0.45%
UNDERSPEND			1,630	

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

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

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

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

Social Work, managed by the Health and Social Care Partnership, reported a breakeven position for 2021-22. This was after accounting for repayment of outstanding debt to the Council of £2.759m therefore clearing the balance of any debt owed to zero and after earmarkings of £2.201m (as per CIPFA/LASAAC Guidance, the earmarking on the HSCP has been recognised as a creditor on the Council's balance sheet making the funds available to Social Work to spend in future years).

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

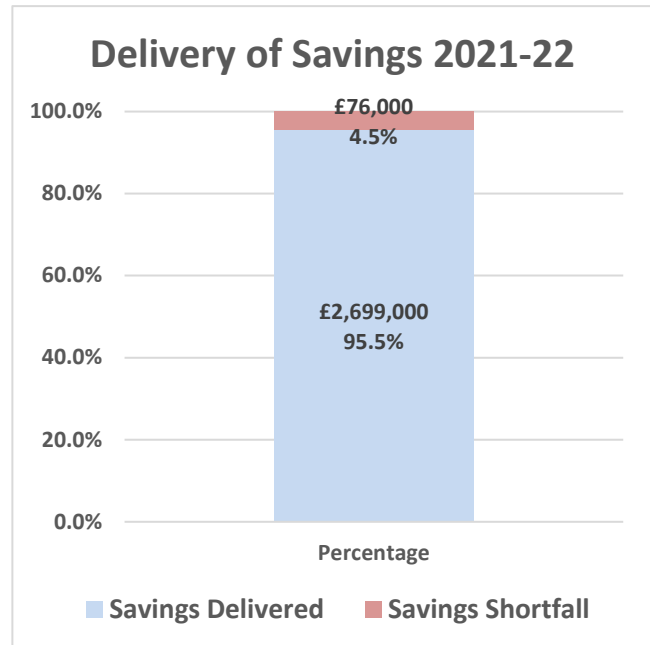
The overall favourable position for Departmental and Central Expenditure Budgets has provided the opportunity to earmark unspent budget for specific purposes aligned to the objectives, priorities and targets of the Council.

Management Commentary

Delivery of 2021-22 Agreed Savings

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

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



Capital: Outturn against Budget

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

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

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

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

Management Commentary

Health and Social Care Partnership (HSCP)

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

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

5. FINANCIAL STATEMENTS

Expenditure and Funding Analysis Statement

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

Comprehensive Income and Expenditure Statement (CIES)

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

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

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

Reconciliation of CIES to Revenue Budget Outturn

A reconciliation of the Surplus on the Provision of Services of £15.016m as noted in the CIES to the revenue budget outturn of £1.630m underspend is shown below.

Reconciliation of CIES to Revenue Budget Outturn

	£000	£000
Surplus/(Deficit) on Provision of Services		15,016
<i>Remove statutory adjustments that don't feature in budget outturn:</i>		
Depreciation	23,325	
Impairment of Assets charged to services	(13,182)	
Capital Funding	(21,700)	
CFCR	(735)	
Pension Adjustment	23,700	
Statutory Repayment of Debt	(2,514)	
Repayment of Finance Leases	(4,844)	
Transfers to/from Other Statutory Reserves	(553)	
Other Adjustments	(671)	
		2,826
Movement In General Fund Balance		17,842
<i>Adjust for earmarkings:</i>		
Released sums earmarked to service budgets 2021-22	18,921	
Revenue Budget 21-22 - investment in Capital	(2,975)	
Revenue Budget 21-22 - COVID allocation to reserves	(7,562)	
Repayment of Social Work Overspend by HSCP	(2,759)	
Contributions to earmarked reserves 2021-22	(21,837)	
		(16,212)
Revenue Budget Underspend/(Overspend)		1,630

Management Commentary

Balance Sheet

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2022 and explanatory notes are provided. The net worth of the Council has increased by £152.293m from £345.370m as at 31 March 2021 to £497.663m as at 31 March 2022. The major changes are set out in the table below.

Main Balance Sheet Changes

	31/03/2021 £000	31/03/2022 £000	Change £000	Main Reason
Long Term Assets	671,332	717,383	46,051	Revaluation of fixed assets and addition of pension debtor due to an increase in investment returns
Current Assets	103,849	122,842	18,993	Investments previously categorised as long term now moved to short term as due to mature in less than 1 year.
Current Liabilities	(55,667)	(66,513)	(10,846)	Increase in temporary borrowing after a period of little/no borrowing during the height of the pandemic.
Long Term Liabilities	(374,144)	(276,049)	98,095	Pension liability reduced to zero as investment returns have been greater than expected leading to positive return on assets.
Total	345,370	497,663	152,293	

Provisions

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

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

Pension Asset

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

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

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

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

Management Commentary

Pension Liability at the end of the financial year

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

Borrowing

During 2021-22 the Council's external borrowing increased by £9.1m from £170.4m as at 31 March 2021 to £179.5m as at 31 March 2022. The increase was due to temporary borrowing taken out at the year end for cash flow purposes.

The Council was under borrowed by £12.5m at 31 March 2022. This was due to higher than normal levels of cash balances partly due to slippage in the capital programme meaning there was no requirement to borrow at this stage.

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

Statement of Movement in Reserves

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

The balance of unusable reserves has increased by £133.895m from £260.585m as at 31 March 2021 to £394.480m as at 31 March 2022. The main reason for this movement is the increase in the pensions reserve noted earlier in this commentary plus smaller accounting adjustments required through the Capital adjustment account and revaluation reserve.

The balance of usable reserves has increased by £18.398m from £84.785m as at 31 March 2021 to £103.183m as at 31 March 2022. This is due to an increase to the General Fund of £17.842m in addition to small increases to the Capital Fund outlined in Note 33.1 and the Repairs and Renewals Fund outlined in Note 33.2.

In respect of the General Fund Balance movement, there has been an increase of £17.842m from a balance of £78.245m to £96.087m and the detail on the movement in the balance is summarised within the table below. The increase largely relates to the timing of Scottish Government funding that was unspent at the end of the year such as COVID funding, unspent grants including Local Authority Covid Economic Recovery (LACER), Early Learning & Childcare (ELC) 1140 hours and Crown Estates, and Scottish Government Initiatives such as Employability and the expansion of free school meals. It is expected that other Local Authorities will have a similar increase to their General Fund Balance due to the timing of the funding. Detail on all the earmarking is included within Note 5 to the Accounts.

Management Commentary

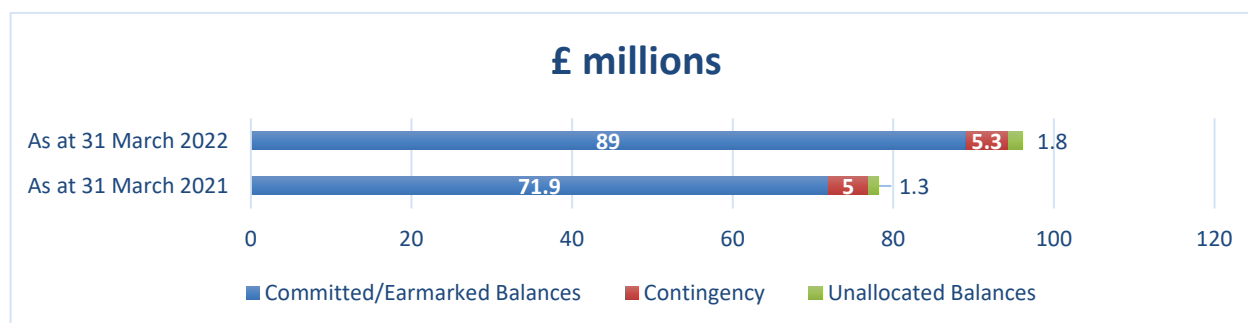
Movement on General Fund Balance

	£000
Balance on General Fund 31 March 2021	78,245
Social Work Repayment of Debt	2,759
Revenue Budget 2021-22 – investment in capital (held in reserves)	2,975
Revenue Budget 2021-22 – COVID allocation to reserves	7,562
Released sums earmarked to service budgets 2021-22	(18,923)
Contributions to earmarked reserves 2021-22	21,837
Overall budget underspend as noted above	1,630
Rounding	2
Balance on General Fund 31 March 2022	96,087

General Fund Balance

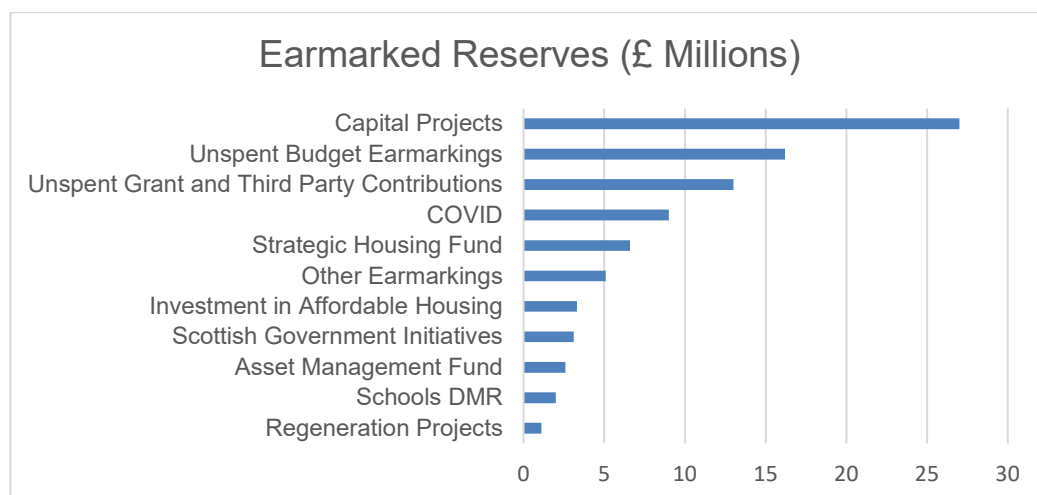
The chart below shows what is included within the General Balance as at 31 March 2022 with a comparison to the position as at 31 March 2021.

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



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

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



Management Commentary

Group Accounts

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

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

The effect of inclusion of the Associates, Subsidiary and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £25.569m. This gives an overall net asset position for the Group of £523.231m, an increase of £165.261m from the previous year. The most significant increase is the swing in the pension position from a liability in 2020-21 to an asset in 2021-22 and the increase in the General Fund Balance as noted earlier in the commentary.

The Argyll and Bute Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the strategic planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. Argyll and Bute Council contributed £62.870m towards the Argyll and Bute Integration Joint Board in the 2021-22 financial year. All transactions are accounted for and shown within the single entity statements and the IJB are treated as a Joint Venture within the Group Accounts therefore a share of their overall surplus and net assets have been recognised in the Group Statements.

6. KEY FINANCIAL INDICATORS

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

Key Financial Indicators

Financial Indicator	2020-21	2021-22	Comment
Unallocated General Fund Balance as a proportion of next year’s Annual Budgeted Net Expenditure	2.53%	2.70%	Reflects the level of funding available to manage financial risk/unplanned expenditure. This includes the 2% contingency. The 2021-22 position is similar to the 2020-21 one and confirms there are sufficient reserves to meet any unplanned expenditure.
Movement in the Unallocated General Fund Balance	No Change	£0.5m	Reflects the extent to which the Council is using its Unallocated General Fund Balance (excluding contingency). A small increase in the 2021-22 balance reflects a degree of stability in the Council’s financial position.
In-year Council Tax collection rate	96.12%	96.28%	Reflects the Council’s effectiveness in collecting Council Tax debt compared to a target of 96%. The target continues to be exceeded.
Ratio of Council Tax Income to Overall Level of Funding	18.87%	19.08%	Reflects the capacity of the Council to vary expenditure by raising Council Tax income.
Actual Outturn compared to budgeted expenditure	£0.188m 0.07%	£1.630m 0.59%	A measure of how the final outturn compares to the budgeted position. The surplus is a reflection of the effectiveness of the Council’s financial management.

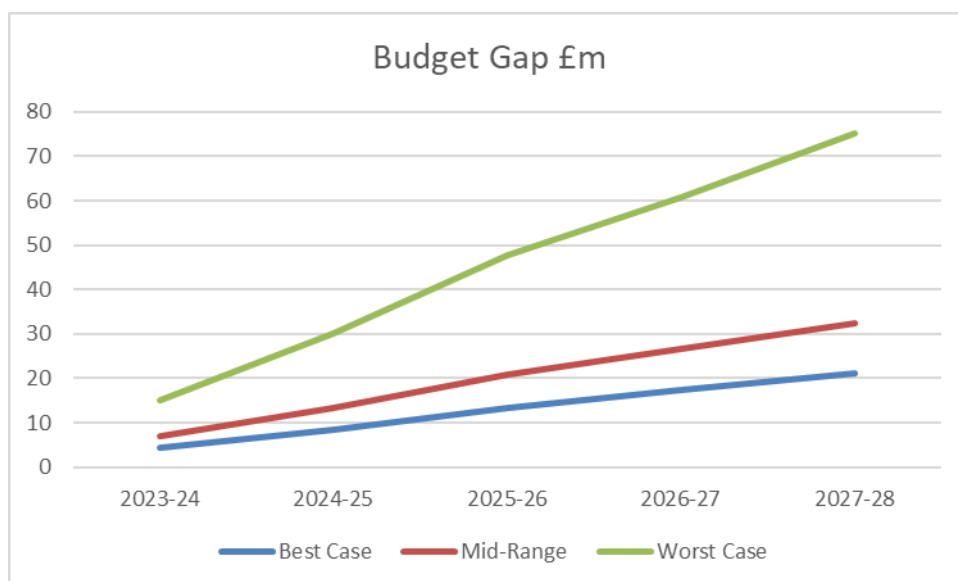
Financial Indicator	2020-21	2021-22	Comment
Capital Financing Requirement (CFR) for the current year	£294.752	£307.100	Measurement of requirement to borrow for capital purposes. The increase in 21-22 reflects the gradual recovery of the capital programme after the impact of the COVID-19 pandemic with more capital investment than the previous year despite significant slippage.
External Debt Levels for the current year	£168.805m	£177.934m	Actual borrowing for capital investment levels. Increase in 2021-22 due to temporary borrowing taken at the year end for cash flow purposes.
Ratio of financing costs to net revenue stream	4.35%	3.37%	Measures the percentage of income that has been committed towards meeting the costs of borrowing. The more income needed to fund financing costs the less that is available to meet other revenue expenditure therefore the 2021-22 ratio reflects an improved position.

7. OUTLOOK

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

Preparing any forward looking financial outlook is challenging due to the levels of uncertainty, for example the level of Scottish Government Grant, the impact of rising inflation and the uncertainty of pay awards being agreed before the budget setting process. The assumptions used to inform the outlook are reviewed, updated and reported regularly. The Council has a strong track record in financial management as recognised by previous years annual external audit reports and the Council's Best Value report issued in May 2020. The chart below shows the cumulative budget gap over the next five years as reported to the Policy and Resources Committee on 16 June 2022.

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



Budget Strategy

A report to Council on 24 June 2021 set out the approach to the 2022-23 revenue budget process and identification of savings to balance the 2022-23 budget. It was agreed that a cross party Budget Working Group (BWG) be established comprising six elected members from the administration, three elected members from the opposition and two Trade Union representatives. The BWG's role was to engage www.argyll-bute.gov.uk

Management Commentary

with officers and provide a sounding board to assist in the development and identification of savings options. It does not have any decision making authority but can report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose was to assist in the savings identification process and provide a degree of scrutiny over options as they are being developed.

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

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

COVID Pandemic

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

Cost of Living Crisis

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

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

The pay award for 2022-23 is almost finalised (as at September 2022). There was increasing pressure from the Trade Unions to have a fair and equitable increase in light of the current cost of living. The Council have budgeted 2% for pay inflation in line with two thirds of other Councils as this is deemed to be affordable, however, this falls well short of the Trades Unions request. Every 1% over and above what is budgeted would add an additional pressure of circa £1.5m to the Council's expenditure. The Scottish Government have provided Local Government with an additional funding for the latest offer, however, this still leaves a gap of circa 1.5% that has not been budgeted.

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

Management Commentary

Rural Growth Deal

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

Levelling Up Fund

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

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

The Council has submitted two bids (£20m regeneration bid and £50m transport bid) to the Levelling Up Fund round 2. The council has chosen to prepare packaged bids to better reflect the economic, population and geographic challenges of Argyll and Bute as a predominately rural region. It is considered that these bids could be potentially transformational for our economy, as a place to live, invest and visit. The bids take account of strict delivery deadlines of the fund spending profile and the need to reach net zero. The fund is highly competitive with no guarantee of success however all of the work to date helped to develop the different project elements of each bid package to a shovel ready status.

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

Risks

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

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

Management Commentary

Economic and Population Decline

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

Waste Management

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

Cyber Security

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

8. CONCLUSION

The Council has continued to have good financial planning arrangements in place in 2021-22, and have managed the additional complexities and pressures brought about by COVID to ensure they operated within budget in 2021-22. It is recognised that the current cost of living crisis is creating significant financial challenges for all local authorities, however, our council is in a strong position to manage the financially challenging times.

The Council are committed to deliver the best services to the people of Argyll and Bute within the available resources and to support local business to recover from the impact of COVID-19.

9. ACKNOWLEDGEMENTS

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

Councillor Robin Currie
Leader
 24 November 2022

Pippa Milne
Chief Executive
 24 November 2022

Kirsty Flanagan
Section 95 Officer
 24 November 2022

Statement of Responsibilities for the Annual Accounts



THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

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

I confirm that these Annual Accounts were approved for signature by the Council at its meeting on 24 November 2022

Signed on behalf of Argyll and Bute Council

**Councillor Robin Currie
Leader
24 November 2022**

SECTION 95 OFFICER RESPONSIBILITIES

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

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

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

The Section 95 Officer has also:

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

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

**Kirsty Flanagan
Section 95 Officer
24 November 2022**

Annual Governance Statement

BACKGROUND / SCOPE OF RESPONSIBILITY

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

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

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

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

THE GOVERNANCE FRAMEWORK

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

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

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

- Caring
- Committed
- Collaborative
- Creative

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

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

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

Anti-fraud and whistleblowing policies are in place and the Council has adopted the Scottish Public Services Ombudsman's (SPSO's) Model Complaints Handling Procedure.

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

Annual Governance Statement



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

2. Ensuring openness and comprehensive stakeholder engagement.

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

Consultation Diary

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

Keep in the Loop Service

2019/20 was the first full year that the pro-active Keep in the Loop Service was deployed. It proved hugely popular as a customer engagement tool and the 7,927 customers subscribed to receive notifications across the range of services. In 2021/22 the number of subscribers is 10,489. For customers it meant that they have been kept up to date with topical council information and opportunities to provide valued input on matters that affect them.

MyAccount

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

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

Public Performance Reporting

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

Accessibility

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

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

Community Engagement

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

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

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

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

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

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

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

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

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

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

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

Council/Committee Meetings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Elected Member Development

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

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

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Officer Development

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

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

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

Internal Financial Control

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

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

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

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

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

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

In particular the system includes:

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

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

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

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

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

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

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

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

Internal Audit

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

The COVID-19 pandemic meant the 2021/22 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 15 March 2022. This was due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic and support Financial Services. This resulted in three audits being removed from the 2021/22 plan. In her annual report presented to the Audit and Scrutiny Committee in June 2022 the interim CIA confirmed this did not affect her ability to provide an opinion on the Council's systems of governance and internal control.

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

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

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

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

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

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

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

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

GOVERNANCE ROLES AND RESPONSIBILITIES

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

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

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

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

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

IMPACT OF COVID-19 AND RECOVERY STRATEGY

Throughout the period 2021-22 the Council continued to operate Council and Committee meetings on a virtual basis in response to the Covid 19 pandemic. The Council has invested significantly in the technology to enhance the virtual meeting environment and by providing the additional option to operate on a hybrid basis, where attendance can be on a virtual or in person basis. The hybrid option was introduced in the first quarter of 2022 and was scheduled to be rolled out to Area Committee Meeting later in 2022. The Council commenced webcasting for strategic committees with the first webcast meeting being the Policy and Resources Committee in December 2021. This approach facilitates a greater reach in terms of public access to meetings and underpins our commitment to transparency and accessibility. The Council Constitution and associated protocols were amended to incorporate these developments and changes. As the country emerged from restrictions, work was well underway by the Recovery Working Group (RWG) in relation to three key themes of Restart, Recovery and Renew to assist and maximise the Council's approach in delivering the Recovery Strategy and Framework within Argyll and Bute.

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

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

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

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

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

Some specific examples of new areas of activity are:

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

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

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

4. Recovery and reinstating services post COVID-19

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

considering longer term social and economic impacts. Good progress has been made and the Council has published its Recovery document “Recovery, Renew and Restart” outlining its achievements and current priorities.

FINANCIAL SUSTAINABILITY

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

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

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

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

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

HEALTH AND SOCIAL CARE INTEGRATION

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

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

Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

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

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

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

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

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

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

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

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

Area	2021/22 Update
Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	Specialist economic consultants now engaged on an options appraisal exercise to help inform the decision. This is to be reported to September's Economic Development & Infrastructure committee.
Further develop the Council's Counter Fraud Team	A report was submitted to the Executive Leadership Team (ELT) in July 2022 which demonstrated that during the period of the pilot that £748,133 had been rebilled arising from proactive and reactive work by the team and that £601,807 had been recovered. The ELT agreed to make both posts permanent and the Counter Fraud Team (CFT) have similar exercises planned in other areas of Argyll and Bute in order to identify, bill and recover monies due to the Council.
Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022	This has now been pushed back to 6 June 2022 at the earliest due to issues which have surfaced during the implementation of the automated interface between Concerto and Oracle.
Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	The capital Oracle/Concerto interface has been completed. The revenue interface has been delayed because of the need for Oracle to be updated as advised above.
Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level	Further review of property delegations will be included in the next review of the constitution.
Enhance reporting of workforce planning to the Executive Leadership Team (ELT) and Elected Members	Operational Workforce Plans (WFP) are reviewed on a six monthly basis and each team in the council are assigned a WFP risk rating. Data from these discussions are collated and analysed in a report which is presented to ELT. Human Resources and Organisational Development (HROD) team highlight any common themes that would benefit from a revised corporate approach. Quarterly health of the organisation reports are presented to Departmental Management teams (DMT) and ELT which cover a number of workforce indicators.
Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Complete and Directorate for Planning & Enforcement Appeals (DPEA) have complimented Development & Economic Growth (DEG) on the provision of information in the required format
Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which was reported in June 2021	All identified actions have been completed

Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	Contract let and work underway to gather updated asset information for major buildings – new plans being drawn. Estates has continued to improve records with the property measurement contract providing new plans for properties. As part of the asset valuation process Estates also building up property records and will use the details for the insurance valuation updates to be completed in 2022/23.
Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers	This action has been suspended pending the implementation of two new key systems which would be integral to the revised process: The Oracle Fusion Financial Management System and the Eclipse Social Work Management System. Once the two systems are up and running and we know what the Eclipse system can do – the vendor is still writing the software - we'll be able to determine the actions necessary to implement this process.
Adopt the CIPFA Financial Management Code	This action has been delayed due to resource issues and will be addressed during 2022/23

ISSUES FOR FURTHER DEVELOPMENT

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

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

Annual Governance Statement

ASSURANCE

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

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

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

Councillor Robin Currie
Leader
24 November 2022

Pippa Milne
Chief Executive
24 November 2022

Kirsty Flanagan
Section 95 Officer
24 November 2022

The Remuneration Report

BACKGROUND

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

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

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

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

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

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

Senior Employees

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

The Remuneration Report

COUNCILLORS' REMUNERATION

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

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

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

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

The Remuneration Report

SENIOR COUNCILLORS' REMUNERATION

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

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

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

The values in the table above relate to the actual payments made during 2021-22 which differ slightly from those stated on page 40 due to timing differences in regards to payroll.

The Remuneration Report

EMPLOYEES' REMUNERATION

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

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

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

2020-21 Number of Officers	Range £	2021-22 Number of Officers
124	£50,000 - £54,999	140
92	£55,000 - £59,999	84
25	£60,000 - £64,999	41
17	£65,000 - £69,999	16
4	£70,000 - £74,999	4
9	£75,000 - £79,999	1
3	£80,000 - £84,999	7
-	£85,000 - £89,999	-
-	£90,000 - £94,999	1
1	£95,000 - £99,999	1
-	£100,000 - £104,999	-
2	£105,000 - £109,999	2
-	£110,000 - £114,999	-
-	£115,000 - £119,999	-
-	£120,000 - £124,999	-
1	£125,000 - £129,999	-
-	£130,000 - £135,000	1
278	Total	298

The Remuneration Report

SENIOR EMPLOYEES' REMUNERATION

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

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

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

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

The Remuneration Report

PENSION BENEFITS

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

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

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

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

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

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

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

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

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

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

The Remuneration Report

SENIOR COUNCILLORS' PENSION BENEFITS

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

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

For the year to 31 March 2021		Senior Members	For the year to 31 March 2022		
In-year pension contributions £	Accrued pension benefits £'000		In-year pension contributions £	Accrued pension benefits £'000	
4,878	6	Councillor Rory Colville	Pension	5,078	7
	2		<i>Lump Sum</i>		2
5,838	6	Councillor Robin Currie	Pension	7,170	8
	1		<i>Lump Sum</i>		1
1,433	5	Councillor Mary-Jean Devon	Pension	-	-
	2		<i>Lump Sum</i>		-
4,878	2	Councillor Kieron Green	Pension	5,078	3
	-		<i>Lump Sum</i>		-
4,067	2	Councillor Bobby Good	Pension	4,234	2
	-		<i>Lump Sum</i>		-
4,966	6	Councillor David Kinniburgh	Pension	5,377	7
	2		<i>Lump Sum</i>		2
4,878	2	Councillor Yvonne McNeilly	Pension	5,078	3
	-		<i>Lump Sum</i>		-
3,693	1	Councillor Barbara Morgan	Pension	2,455	2
			<i>Lump Sum</i>		
5,350	5	Councillor Aileen Morton	Pension	3,785	6
	-		<i>Lump Sum</i>		-
4,878	6	Councillor Gary Mulvaney	Pension	5,078	6
	2		<i>Lump Sum</i>		2
4,605	2	Councillor Alasdair Redman	Pension	4,221	2
			<i>Lump Sum</i>		
332	7	Councillor Elaine Robertson	Pension	-	-
	1		<i>Lump Sum</i>		-

Note: Two councillors left the pension scheme during 2020-21

The Remuneration Report

SENIOR EMPLOYEES' PENSION BENEFITS

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

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

For the year to 31 March 2021		Senior Officers	For the year to 31 March 2022		
In-year pension contributions	Accrued pension benefits		In-year pension contributions	Accrued pension benefits	
£	£'000		£	£'000	
24,751	60	Chief Executive - Pippa Milne	Pension	25,586	64
	105		Lump Sum		106
20,334	59	Executive Director of Customer Services - Douglas Hendry	Pension	20,546	61
	106		Lump Sum		107
20,334	31	Executive Director, Section 95 Financial Officer - Kirsty Flanagan	Pension	20,546	33
	30		Lump Sum		31
15,332	2	Head of Adult Services (Mental Health, Learning Disability, Addictions and Lifelong Conditions) (Section 3 Social Work Officer) - Julie Lusk (from 19-05-20 to 13-09-21)	Pension	7,690	4
	-		Lump Sum		-
		Head of Children and Families and Criminal Justice (Section 3 Social Work Officer) - David Gibson (from 14-09-21)	Pension	8,378	1
			Lump Sum		
15,332	29	Live Argyll General Manager (Subsidiary of Argyll & Bute Council) - Kevin Anderson	Pension	15,537	31
	38		Lump Sum		38

Note: J Lusk is on Secondment from 14-09-21 and her contributions are paid by the Scottish Government during this period.

The Remuneration Report

EMPLOYEE EXIT PACKAGES

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

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

For the purposes of this note, Exit Packages include:

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

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

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

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

The Remuneration Report

FACILITY TIME STATEMENT

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

Councillor Robin Currie
Leader
24 November 2022

Pippa Milne
Chief Executive
24 November 2022

Expenditure and Funding Analysis

2020-21			Service	2021-22		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
5,329	452	5,781	Chief Executive and Financial Services	5,790	1,087	6,877
			Executive Director Douglas Hendry			
410	27	437	Executive Director	330	59	389
9,426	6,827	16,253	Commercial Services	9,471	8,053	17,524
81,717	(1,567)	80,150	Education	86,427	(8,373)	78,054
8,557	3,359	11,916	Legal and Regulatory Support	9,466	(1,925)	7,541
			Executive Director Kirsty Flanagan			
(2)	6	4	Executive Director	305	32	337
7,892	2,460	10,352	Customer Support	7,553	3,113	10,666
9,649	570	10,219	Development and Economic Growth	9,752	1,786	11,538
32,448	12,024	44,472	Roads and Infrastructure	30,914	17,187	48,098
58,107	3,465	61,572	Social Work	67,080	2,238	69,318
9,019	(1,347)	7,672	Other Non-Departmental Costs	10,974	(687)	10,287
222,552	26,276	248,828	Net Cost of Services	238,062	22,570	260,629

Expenditure and Funding Analysis

(251,127)	(11,958)	(263,085)	Other Income and Expenditure	(255,904)	(19,741)	(275,645)
(28,575)	14,318	(14,257)	(Surplus) / Deficit	(17,842)	2,829	(15,016)
(49,670)			Opening General fund Balance	(78,245)		
(28,575)			Plus (Surplus) or Deficit on General Fund Balance	(17,842)		
(78,245)			Closing General Fund Balance at 31 March 2022	(96,087)		

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

Statement of Comprehensive Income and Expenditure

2020-21			Note	2021-22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Service	Gross Expenditure £'000	Gross Income £'000
25,784	20,003	5,781	Chief Executive and Financial Services	25,714	18,837	6,877
			Executive Director Douglas Hendry			
437		437	Executive Director	389		389
19,167	2,914	16,253	Commercial Services	21,022	3,498	17,524
93,170	13,020	80,150	Education	92,302	14,248	78,054
16,173	4,257	11,916	Legal and Regulatory Support	11,769	4,228	7,541
			Executive Director Kirsty Flanagan			
4		4	Executive Director	337		337
10,945	593	10,352	Customer Support Services	11,374	708	10,666
18,709	8,490	10,219	Development and Economic Growth	23,172	11,634	11,538
60,972	16,500	44,472	Roads and Infrastructure	70,602	22,504	48,098
147,227	85,655	61,572	Social Work	158,106	88,788	69,318
11,263	3,591	7,672	Other Non-Departmental Costs	10,538	251	10,287
403,851	155,023	248,828	Net Cost of Services	425,325	164,696	260,629

Statement of Comprehensive Income and Expenditure



		Other Operating Income and Expenditure:	
	6,286	Net (Gain)/loss on Disposal of Long Term Assets	(103)
	1,381	Other Operating Income and Expenditure	7
	7,667	Total Other Operating Income and Expenditure	1,733
		Financing and Investment Income and Expenditure:	
	16,805	Interest Payable and Similar charges	16,343
	(955)	Interest and Investment Income	(805)
	1,888	Net Pension Interest Expense	1,864
	17,738	Total Financing and Investment Income and Expenditure	17,402
		Taxation and Non-Specific Grant Income:	
	(197,110)	General Government Grants	(191,432)
	(13,495)	Government Capital Grants and Other Capital Contributions	12
	(23,284)	Non-domestic Rates Redistribution	(25,070)
	(164)	Non-domestic Rates TIF	(336)
	(54,437)	Council Tax Income	(56,242)
	(288,490)	Total Taxation and Non-Specific Grant Income	(294,780)
	(14,257)	(Surplus)/Deficit on Provision of Services	6.1
	(9,030)	(Surplus)/Deficit on revaluation of Long Term Assets	(26,631)
	3,388	Other Post Employment Benefits (Pensions)	30.2
	(5,642)	Other Comprehensive Income and Expenditure	(137,279)
	(19,899)	Total Comprehensive Income and Expenditure	(152,295)

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

Balance Sheet

31 March 2021		Note	31 March 2022	
£'000	£'000		£'000	£'000
		Long Term Assets		
376,141		Property Plant & Equipment 14		
9,945		- Other Land and Buildings	414,852	
222,947		- Vehicles, Plant, Furniture and Equipment	11,798	
5,950		- Infrastructure Assets	230,478	
1,637		- Community Assets	7,454	
25,599		- Surplus Assets	1,408	
		- Assets Under Construction	35,344	
	642,219	Total Property Plant & Equipment		701,334
	2,086	Heritage Assets 15		2,099
	572	Intangible Assets 16		604
	2,435	Investment Property 17		2,428
	17,992	Long Term Investments 26		492
	6,028	Long-Term Debtors 21		5,792
	-	Other Long Term Debtors (Pensions) 30		4,634
	671,332	Total Long Term Assets		717,383
		Current Assets		
900		Inventories	842	
20,446		Short Term Debtors (Net of Impairment) 22	18,263	
1,865		Assets Held for Sale 23	1,509	
45,000		Short Term Investments	82,500	
35,638		Cash and Cash Equivalents 24	19,728	
	103,849	Total Current Assets		122,842
		Current Liabilities		
(3,005)		Short-term Borrowing 26	(17,882)	
(45,457)		Short-term Creditors 25	(41,283)	
(7)		Capital Grant Receipts in Advance 29	-	
(2,356)		Provisions 28	(2,231)	
(4,842)		Other Short Term Liabilities 27	(5,117)	
	(55,667)	Total Current Liabilities		(66,513)
		Long-term Liabilities		
(167,418)		Borrowing Repayable within a Period in Excess of 12 Months 26	(161,657)	
(117,432)		Other Long-term liabilities 27	(112,313)	
(1,980)		Provisions 28	(2,079)	
(5,000)		Capital Grant Receipts in Advance 29	-	
(82,314)		Other Long-term liabilities (Pensions) 30		
	(374,144)	Total Long-term Liabilities		(276,049)
	345,370	Total Assets less Liabilities		497,663

Balance Sheet

31 March 2021		Note	31 March 2022	
£'000	£'000		£'000	£'000
		Unusable Reserves		
135,392		- Revaluation Reserve	157,645	
217,237		- Capital Adjustment Account	241,327	
(2,524)		- Financial Instruments Adjustment Account	(2,198)	
(82,314)		- Pensions Reserve	4,634	
(7,206)		- Accumulated Absences Account	(6,928)	
	260,585			394,480
		Usable Reserves		
4,406		- Capital Funds	4,414	
2,134		- Repairs and Renewals Funds	2,682	
78,245		- General Fund Balance	96,087	
	84,785			103,183
	345,370	Total Reserves		497,663

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

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

The Unaudited Annual Accounts were issued on 30 June 2022 and the Audited Annual Accounts were authorised for issue on 24 November 2022.

Kirsty Flanagan
Section 95 Officer
24 November 2022

Statement of Movement in Reserves

Movements in 2021-22	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(78,245)	(2,134)	(4,406)	(84,785)	(135,392)	(217,237)	82,314	2,524	7,206	(260,585)	(345,370)
(Surplus)/Deficit on Provision of Services	(15,016)			(15,016)						-	(15,016)
Other Comprehensive Income and Expenditure					(26,631)		(110,648)			(137,279)	(137,279)
Total Comprehensive Income and Expenditure	(15,016)	-	-	(15,016)	(26,631)	-	(110,648)	-	-	(137,279)	(152,295)
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost				-	3,746					3,746	3,746
Disposal of Assets					632	(632)					
Amortisation of Intangible Assets	(36)			(36)		36				36	-
Depreciation of Non-current Assets	(23,325)			(23,325)		19,579				19,579	(3,746)
Impairment of Non-current Assets	13,182			13,182		(13,182)				(13,182)	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	21,700			21,700		(21,700)				(21,700)	-
Capital Expenditure Charged to the General Fund	735			735		(735)				(735)	-
Net Gain or Loss on Sale of Non-current Assets	103		(815)	(712)		712				712	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	326			326				(326)		(326)	-
Employee Benefits	278			278					(278)	(278)	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(23,700)			(23,700)			23,700			23,700	-

Statement of Movement in Reserves

Movements in 2021-22	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Statutory Repayment of Debt - Loans Fund Advances	2,514			2,514		(2,514)				(2,514)	-
Statutory Repayment of Debt - Finance Leases	44			44		(44)				(44)	-
Statutory Repayment of Debt - NPDO Finance	4,800			4,800		(4,800)				(4,800)	-
Total Statutory Adjustments	(3,379)	-	(815)	(4,194)	4,378	(23,280)	23,700	(326)	(278)	4,194	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(18,395)	-	(815)	(19,210)	(22,253)	(23,280)	(86,948)	(326)	(278)	(133,085)	(152,295)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	553	(548)	807	812		(810)				(810)	2
(Increase)/Decrease in Year	(17,842)	(548)	(8)	(18,398)	(22,253)	(24,090)	(86,948)	(326)	(278)	(133,895)	(152,293)
Balance at 31 March 2022 Carried Forward	(96,087)	(2,682)	(4,414)	(103,183)	(157,645)	(241,327)	(4,634)	2,198	6,928	(394,480)	(497,663)

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

Statement of Movement in Reserves

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

Statement of Movement in Reserves

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

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

Cash Flow Statement

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

2020-21 £'000		Note	2021-22 £'000
(14,257)	Net (Surplus) on the Provision of Services		(15,016)
(30,546)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(6,652)
2,471	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		7,928
(42,332)	Net Cash Flows from Operating Activities	39	(13,740)
7,740	Net Cash Flows from Investing Activities	40	32,043
7,739	Net Cash Flows from Financing Activities	41	(2,393)
(26,853)	Net (Increase)/Decrease in Cash and Cash Equivalents		15,910
(8,785)	Cash and Cash Equivalents at the beginning of the Reporting Period		(35,638)
(35,638)	Cash and Cash Equivalents at the end of the Reporting Period	24	(19,728)

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

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

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Cash and Cash Equivalents

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

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

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

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

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

Notes to the Financial Statements

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

1.5 Charges to Revenue for Non-Current Assets

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

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

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

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

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

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

1.6.2 Termination Benefits

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

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

Notes to the Financial Statements

1.6.3 Post-Employment Benefits

The Council participates in two separate pension schemes:

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

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

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

Local Government Pension Scheme

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

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

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

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

Notes to the Financial Statements

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

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

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

1.6.4 Post Employment Discretionary Benefits

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

1.7 Events after the Reporting Period

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

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

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

1.8 Financial Liabilities

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

Notes to the Financial Statements

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

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

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

1.9 Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- Instruments with quoted market prices – the market price

Notes to the Financial Statements

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

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

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

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

Expected Credit Loss Model

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

1.10 Government Grants and Contributions

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

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

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

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

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

1.11 Heritage Assets

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

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

Notes to the Financial Statements

The Art Collections

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

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

Inveraray Jail and Courthouse and “Other” Historic Buildings

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

Archaeology and “Other” Museum Exhibits

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

Heritage Assets – General

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

1.12 Intangible Assets

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

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

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

Notes to the Financial Statements

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

1.13 Interests in Companies and Other Entities

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

1.14 Inventories

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

1.15 Investment Properties

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

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

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

1.16 Leases

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

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

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

1.16.1 The Council as Lessee

a) Finance Leases

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

Notes to the Financial Statements

Lease payments are apportioned between:

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

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

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

b) Operating Leases

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

1.16.2 The Council as Lessor

a) Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Notes to the Financial Statements

b) Operating Leases

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

1.17 Overheads and Support Services

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

1.18 Assets Held for Sale

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

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

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

1.19 Property, Plant and Equipment

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

1.19.1 Recognition

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

1.19.2 Measurement

Assets are initially measured at cost, comprising:

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

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

Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

1.19.3 Impairment

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

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

Notes to the Financial Statements

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

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

1.19.4 Disposals and Non-current Assets Held for Sale

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

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

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

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

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

1.19.5 Depreciation

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

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

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

1.20 Private Finance Initiative (PFI) and Similar Contracts

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

Notes to the Financial Statements

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

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

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

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

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

1.21 Provisions and Contingent Liabilities

1.21.1 Provisions

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

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

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

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

1.21.2 Contingent Liabilities

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

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

Notes to the Financial Statements

1.22 Reserves

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

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

1.23 VAT

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

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

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

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 - Foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 - Onerous Contracts: Amendments to IAS 37 clarifies the intention of the code
 - IAS 41 - Agriculture

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

- IAS 16 - Property Plant & Equipment: amendments - Proceeds before intended Use
There will be no material impact in future years from the adoption of this amendment.

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

Notes to the Financial Statements

- The Council currently operates three Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract and the new Schools DBFM contract, the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets “on Balance Sheet” along with a finance lease liability.
- The Council also operates a Waste Management PPP contract. In this case the Council determined that a “qualifying asset” had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be “off Balance Sheet” and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.
- The Council has considered its exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, material contingent liabilities have been disclosed in Note 34.
- Unused holiday entitlement earned at 31 March 2022 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2021-22 financial statements in respect of the holiday pay accrual is £6.927m.
- £2.132m has been treated as principal by the Council for costs associated with the provision of Personal Protective Equipment (PPE) and testing kits issued by NHS National Services Scotland to Argyll and Bute Council for social care services provided on behalf of Argyll and Bute Integration Joint Board and has therefore been included in both the income and expenditure figures for Social Work within the Comprehensive Income and Expenditure Statement.

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.446m for every year that useful lives had to be reduced.</p>
Rolling Programme Valuation	The Council employs professional valuers who are registered with the Royal Institution of Chartered Surveyors. These valuers carry out regular reviews of the assets reported in the Balance Sheet and any significant changes in value are processed as an asset revaluation or impairment. These valuations are based on their professional opinion using available market information at the time of assessment. Due to the high number of assets, a rolling program of asset valuations has been established for many years, with the aim of revaluing one fifth of the portfolio each financial year which is made up of various asset types. This is in addition to those assets which are valued annually; Surplus Assets, Investment Properties, Held for sale assets and those where capital spend has exceeded £0.1m in the current year.	<p>This carries inherent risk that assets not revalued in-year have been subject to material changes in value particularly if affected by external factors such as inflation.</p> <p>The highest risk in this respect relates to assets valued using the depreciated Replacement Cost (DRC) method, which for Argyll & Bute Council includes schools. To mitigate this risk, a desktop assessment was undertaken during the 2021-22 audit process to estimate the potential increase in value of seven schools which had previously been valued during 2017-18 & 2018-19. An adjustment was made to the accounts of £29.922m to reflect this assessment.</p> <p>Consideration is given on an annual basis to those assets which may have material impairment.</p>

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:</p> <table border="1" data-bbox="1205 359 2078 826"> <thead> <tr> <th data-bbox="1205 359 1619 499">Sensitivities at 31 March 2022</th> <th data-bbox="1619 359 1845 499">Approximate % Increase to Employer Liability</th> <th data-bbox="1845 359 2078 499">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 499 1619 587">0.1% decrease in real discount rate</td> <td data-bbox="1619 499 1845 587">2%</td> <td data-bbox="1845 499 2078 587">16,417</td> </tr> <tr> <td data-bbox="1205 587 1619 675">1 Year increase in the member life expectancy</td> <td data-bbox="1619 587 1845 675">4%</td> <td data-bbox="1845 587 2078 675">34,850</td> </tr> <tr> <td data-bbox="1205 675 1619 762">0.1% increase in salary increase rate</td> <td data-bbox="1619 675 1845 762">0%</td> <td data-bbox="1845 675 2078 762">968</td> </tr> <tr> <td data-bbox="1205 762 1619 826">0.1% increase in pension increase rate</td> <td data-bbox="1619 762 1845 826">2%</td> <td data-bbox="1845 762 2078 826">15,333</td> </tr> </tbody> </table>	Sensitivities at 31 March 2022	Approximate % Increase to Employer Liability	Approximate monetary amount £'000	0.1% decrease in real discount rate	2%	16,417	1 Year increase in the member life expectancy	4%	34,850	0.1% increase in salary increase rate	0%	968	0.1% increase in pension increase rate	2%	15,333
Sensitivities at 31 March 2022	Approximate % Increase to Employer Liability	Approximate monetary amount £'000															
0.1% decrease in real discount rate	2%	16,417															
1 Year increase in the member life expectancy	4%	34,850															
0.1% increase in salary increase rate	0%	968															
0.1% increase in pension increase rate	2%	15,333															

5. GENERAL FUND RESERVES

The Council has ring-fenced £88.990m of the balance on the General Fund.

Ring-fenced Balances	Balance 1 April 2021 £'000	Funds Used £'000	Contributions to/from Funds £'000	New Earmarking agreed 2021-22 £'000	New Earmarking at end of 2021-22 £'000	Balance 31 March 2022 £'000
Strategic Housing Fund (Revenue from Additional Council Tax on Second Homes)	7,126	(2,672)			2,136	6,590
Investment in Affordable Housing	3,500	-	(200)			3,300
Capital Projects	7,452	(6,279)	15,378	4,741	3,430	24,722
Lochgilphead and Tarbert Regeneration	2,272	(1)				2,271
Support for Rural Growth Deal	1,195	(137)				1,058
Asset Management	2,573	-			34	2,607
Piers and Harbours Investment Fund	970	-			673	1,643
Scottish Government Initiatives	1,116	(119)			2,144	3,141
Transformation	73	-	(73)			-
CHORD	262	-			87	349
Devolved School Management Scheme (DSM)	1,020	(639)			1,601	1,982
Energy Efficiency Fund	218	-				218
Unspent Budget Required for Existing Legal Commitments	588	(113)				475
Unspent Third Party Contributions	8,393	(1,637)	(2)		6,080	12,834
Contributions Carried Forward	144	(25)	(2)		49	166
Other Previous Council Decisions	5,664	(828)	(3,137)	2,400	244	4,343
Redundancy Reserve	1,899	(167)				1,732
Supporting Organisational Change	499	(111)	1,200			1,588
Spend to Save Route Optimisation Software	100	-				100
Fleet - Timing Delay	107	-			392	499
Hermitage Park					4	4
COVID-19	13,469	(5,003)	(9,433)	7,562	2,369	8,964
Unspent Budget Carried Forward	13,248	(1,192)	(4,246)		2,594	10,404
Total Ring-fenced	71,888	(18,923)	(515)	14,703	21,837	88,990
Contingency	5,032	-	224	-	-	5,256
Unallocated	1,325	-	4,682	(4,166)	-	1,841
Total General Fund Balance	78,245	(18,923)	4,391	10,537	21,837	96,087

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

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

6.1 Expenditure and Income Analysed by Nature

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

2020-21 £'000	Expenditure/Income	2021-22 £'000
	Expenditure	
163,138	Employee benefits expenses	184,092
163,560	Other services expenses	168,222
58,178	Contribution to Argyll and Bute Integration Joint Board	62,870
18,975	Depreciation, amortisation, impairment	10,141
18,693	Interest payments	18,207
1,400	Precepts and levies	1,419
(19)	Other operating expenditure	417
6,286	Net Loss/(Gain) on the disposal of assets	(103)
430,211	Total Expenditure	445,265
	Income	
(96,845)	Fees, charges and other service income	(101,826)
(58,178)	Income to fund social care services (Argyll and Bute Integration Joint Board)	(62,870)
(955)	Interest and investment income	(805)
(77,885)	Income from council tax and non-domestic rates	(81,648)
(210,605)	Government grants and contributions	(213,132)
(444,468)	Total Income	(460,281)
(14,257)	(Surplus)Deficit on the Provision of Services	(15,016)

Notes to the Financial Statements

6.2 Revenue from Contracts with Service Recipients

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

7. OTHER OPERATING INCOME AND EXPENDITURE

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

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

8. AGENCY SERVICES

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

Notes to the Financial Statements

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

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

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

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

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

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

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

Notes to the Financial Statements

10. FEES PAYABLE TO AUDIT SCOTLAND

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

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

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

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

11. WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

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

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

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

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

Notes to the Financial Statements

12. GRANT INCOME

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

2020-21 £'000	Grant Income	2021-22 £'000
	Credited to Taxation and Non Specific Grant Income	
197,110	Revenue Support Grant	191,432
23,284	Non Domestic Rates	25,070
2,137	Specific Capital Grant	285
8,480	General Capital Grant	10,822
48	Heritage Lottery Fund	137
1,339	Scottish Timber Transport Strategy	1,299
1,023	Scottish Government	1,126
102	Strathclyde Partnership for Transport (SPT)	195
	SUSTRANS	189
11	Revenue Contribution to Capital Projects	27
329	Other Grants	2,620
26	Other Government Capital Grants	5,000
233,889	Total	238,202
	Credited to Services	
11,429	Scottish Government Specific Grants	12,830
3,703	Scottish Government Specific Grants - Scotland's Schools for the Future	-
356	General Capital Grant - Private Sector Housing Improvement Grants	558
18,605	Housing Benefit Subsidy	17,809
3,860	Other Revenue Government Grants	5,751
37,953	Total	36,948

Notes to the Financial Statements

13. RELATED PARTIES

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

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

13.1 Scottish Government

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

Members

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

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

2020-21 Expenditure £'000	Transactions in which Members have a significant interest	2021-22 Expenditure £'000
24	Southpeak Services	28
24	Total	28

Notes to the Financial Statements

13.2 Other Related Bodies

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

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

2020-21 Expenditure £'000	Related Bodies	2021-22 Expenditure £'000
	Transactions with related bodies during the year totalled	4,630
	<i>Of these, transactions with the following exceeded £10,000:</i>	
12	ACHA	32
1,773	LINK Group Ltd	1,827
232	West Highland Housing Association Ltd	168
72	Fyne Homes	
407	Oban and Lorn Community Enterprise - Atlantis Leisure	514
23	Argyll and the Isles Tourism Ltd	15
201	Islay and Jura Community Enterprise	215
90	Mid Argyll Community Enterprise	139
70	Scotland Excell	71
53	Argyll and Bute Citizens Advice Bureaux	48
57	Bute Advice	149
248	Kintyre Recycling	132
281	SEEMIS	158
54	Argyll and the Isles Coast & Countryside Trust	220
362	Carr Gorm	380
121	Argyll & Bute Women's Aid	122
231	Argyll & Bute Care & Repair	178
162	HELP	149
70	COSLA	71
11	Kintyre Alcohol and Drugs Advisory Service (KADAS)	-
10	South Kintyre Development Trust	-
15	Fyne Futures	-
180	Mull & Iona Community Trust (MICT)	-
20	Argyll & Bute Rugby Football Club	-
20	Islay Development Initiative (Previously RE-JIG)	-
4,775	Total	4,588

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

Please refer to Group Accounts on pages 130 to 136.

Notes to the Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movement in Property, Plant and Equipment

Movements in 2021-22	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2021-22 £'000	Infrastructure Assets £'000
Cost or Valuation							
At 1 April 2021	402,408	41,727	5,959	1,634	25,599	477,327	
Additions	9,161	4,564	1,504	22	12,210	27,461	15,434
Additions financed under a new leasing arrangement						-	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,420			35		6,455	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	8,290			(122)	-	8,168	
Derecognition - Disposals	(6)	(1,863)		-		(1,869)	
Assets reclassified (to)/from Held for Sale	(248)			(164)		(412)	153
Other movements in cost or valuation	2,412	-		-	(2,465)	(53)	53
At 31 March 2022	428,437	44,428	7,463	1,405	35,344	517,077	
Depreciation and Impairments							
At 1 April 2021	(26,267)	(31,782)	(9)	3	-	(58,055)	
Depreciation Charge for 2021-22	(12,508)	(2,711)		-		(15,219)	(8,106)
Depreciation written out to the Revaluation Reserve	20,042					20,042	
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,133					5,133	
Impairment losses/(reversals) recognised in the Revaluation Reserve						-	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-			-		-	
Derecognition - Disposals	-	1,863				1,863	
Other movements in depreciation and impairment	15			-		15	(3)
At 31 March 2022	(13,585)	(32,630)	(9)	3	-	(46,221)	
Balance Sheet amount at 31 March 2022	414,852	11,798	7,454	1,408	35,344	470,856	230,478
Balance Sheet amount at 31 March 2021	376,141	9,945	5,950	1,637	25,599	419,272	222,947

Notes to the Financial Statements

Comparative Movements in 2020-21	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2020-21 £'000	Infrastructure Assets £'000
Cost or Valuation							
At 1 April 2020	400,497	40,704	5,656	3,250	26,806	476,913	
Additions	4,204	2,608	303	(3)	8,543	15,655	6,824
Additions financed under a new leasing agreement	-	-	-	-	-	-	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	406	-	-	100	-	506	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,348)	-	-	(113)	(7,170)	(8,631)	
Derecognition - Disposals	(1,086)	(1,582)	-	-	-	(2,668)	
Assets reclassified (to)/from Held for Sale	(223)	-	-	(1,600)	-	(1,823)	200
Other movements in cost or valuation	(42)	(3)	-	-	(2,580)	(2,625)	2,622
At 31 March 2021	402,408	41,727	5,959	1,634	25,599	477,327	9,646
Depreciation and Impairments							
At 1 April 2020	(29,881)	(31,077)	(9)	4	-	(60,963)	
Depreciation Charge for 2020-21	(7,914)	(2,287)		(1)		(10,202)	(7,853)
Depreciation written out to the Revaluation Reserve	9,467					9,467	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	1,169			67		1,236	
Derecognition - Disposals	823	1,582				2,405	
Other movements in depreciation and impairment	69			(67)		2	
At 31 March 2021	(26,267)	(31,782)	(9)	3	-	(58,055)	(7,853)
Balance Sheet amount at 31 March 2021	376,141	9,945	5,950	1,637	25,599	419,272	222,947
Balance Sheet amount at 31 March 2020	370,616	9,627	5,647	3,254	26,806	415,950	221,154

Notes to the Financial Statements

As permitted by Finance Circular 09-2022 the council has adopted both Statutory Override 1 & 2 relating to infrastructure assets which allow for the following;

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Notes to the Financial Statements

14.2 Valuation of Property, Plant and Equipment

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

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

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

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

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

Valued at Fair Value as at:	Other Land & Buildings £'000
31 March 2022	247,309
31 March 2021	61,402
31 March 2020	26,317
31 March 2019	49,880
31 March 2018	29,944
Total Cost or Valuation	414,852

Notes to the Financial Statements

14.3 Depreciation

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

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

14.4 Summary of Capital Expenditure and Financing

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

2020-21 £'000		2021-22 £'000
294,885	Opening Capital Financing Requirement	294,752
	<i>Capital Investment:</i>	
3,851	Property Plant and Equipment: Other Land and Buildings	9,157
2,608	Vehicles, Plant, Furniture and Equipment	4,564
6,824	Infrastructure Assets	15,434
303	Community Assets	1,504
(3)	Surplus Assets	22
8,543	Assets Under Construction	12,210
353	Property Plant and Equipment acquired under Finance Leases: Other Land and Buildings - DBFM Schools	4
-	Heritage Assets	13
75	Intangible Assets	68
(25)	Assets Held for Sale	
22,529	Total Capital Investment	42,976
	<i>Sources of Finance:</i>	
(612)	Capital Receipts	(838)
(13,495)	Government Grants	(21,700)
(744)	Capital Financed from Current Revenue	(735)
(5,246)	Net Borrowing	(2,514)
(2,592)	Assets Acquired under Finance Leases/Schools NPDO	(4,844)
27	Capital Receipts transferred to/(from) Capital Fund	3
(22,662)	Total Funding	(30,628)
294,752	Closing Capital Financing Requirement	307,100

Notes to the Financial Statements

14.5 Commitments under Capital Contracts

At 31 March 2022, the Council had commitments on capital contracts of £8.224m. This expenditure will be funded from a combination of Government Grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2021 were £18.675m. The major commitments are:

	£'000
Helensburgh Waterfront Development	2,959
Kilmory Business Park	1,980
Gartbreck/Glengorm Landfill Sites	896
Lochgilphead Front Green	486
St Muns Primary School Upgrade	262
Garelochhead Primary School Upgrade	254
Gibraltar Street, Oban, Public Realm	250
Dunoon Cycle Bothy	212
Oracle Replacement Project	202
Oban North Pier	150
Other small projects each less than £0.150m in value	573

15. HERITAGE ASSETS

The main heritage assets held by the Council are two art collections, an archaeology collection and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the Balance Sheet. Further details on the council's heritage assets policy can be found in note 1.11.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2021-22	Art Collections	Heritage Property	Total
	£'000	£'000	£'000
Cost or Valuation			
Net Book Value at 1 April 2021	1,600	486	2,086
Additions	-	13	13
Disposals	-	-	-
Revaluations	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-
Transfer from Assets Under Construction	-	-	-
At 31 March 2022	1,600	499	2,099

Notes to the Financial Statements

16. INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over the economic life of the licences, assessed as five years.

The movement in intangible assets during the year was:

Movements in 2021-22	Purchased Software Licences	Total Intangible Assets
	£'000	£'000
Cost or Valuation		
At 1 April 2021	2,207	2,207
Additions	68	68
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
At 31 March 2022	2,275	2,275
Amortisation and Impairments		
At 1 April 2021	(1,635)	(1,635)
Charge for 2021-22	(36)	(36)
Disposals	-	-
At 31 March 2022	(1,671)	(1,671)
Balance Sheet amount at 31 March 2022	604	604
Balance Sheet amount at 31 March 2021	572	572

Notes to the Financial Statements

Comparative Movements in 2020-21	Purchased Software Licences	Total Intangible Assets
	£'000	£'000
Cost or Valuation		
At 1 April 2020	2,129	2,129
Additions	75	75
Disposals	-	-
Revaluations	-	-
Reclassifications	3	3
At 31 March 2021	2,207	2,207
Amortisation and Impairments		
At 1 April 2020	(1,546)	(1,546)
Charge for 2020-21	(89)	(89)
Disposals	-	-
At 31 March 2021	(1,635)	(1,635)
Balance Sheet amount at 31 March 2021	572	572
Balance Sheet amount at 31 March 2020	583	583

17. INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2022. Revaluations of investment properties were carried out at 31 March 2022 in house by the Estates Service.

17.1 Movement in Investment Property

The movement in investment property during 2021-22 was:

Movements in 2021-22	Investment Properties
	£'000
Cost or Valuation	
At 1 April 2021	2,435
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	(38)
Transfers	31
At 31 March 2022	2,428

Notes to the Financial Statements

17.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2020-21 £'000		2021-22 £'000
113	Rental income from investment property	148
(4)	Direct operating expenses arising from investment property	(4)
109		144

18. SCHOOLS BUILT UNDER PUBLIC PRIVATE PARTNERSHIP CONTRACTS (PPP)

Argyll and Bute Council have two schemes:

Schools Non-Profit Distributing Organisation (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the Non-Profit Distributing Organisation (NPDO) variant of a Public Private Partnership (PPP), became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council, it is expected at that point in time each school will have an estimated life of 30 years remaining.

Schools Hub Design, Build, Finance and Maintain Contract (DBFM)

Campbeltown and Oban High Schools have been built under this type of arrangement which reached Financial Close in March 2016.

Campbeltown Grammar School Construction Phase 1 was completed on 19 February 2018 and provided a new secondary school for pupils aged between 12 and 18. The new school has capacity for 500 pupils and replaces the existing Campbeltown Grammar School on the current school site at Hutcheon Road, Campbeltown. Phase 2 which included the demolition of the existing school buildings, provision of a car park, landscaping and 3G artificial turf pitch was completed during 2018-19.

Oban High School Construction Phase 1 was completed on 5 April 2018 and provided a new secondary school for pupils between 12 and 18. The new school has capacity for 1300 pupils and replaces the existing Oban High School, on the current school site at Soroba Road, Oban. Phase 2 includes the demolition of the existing school buildings, provision of a car park, landscaping and a pedestrian footway with lighting from the new school facilities to the grass pitches owned by the Council at Glencruitten, Oban was completed during 2018-19.

Notes to the Financial Statements

18.1 Assets Held under Schools NPDO and DBFM Contracts

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2022 and depreciation to date are included as part of Operational Land and Buildings.

As noted above two schools were completed under the Schools DBFM Contract. Oban High School and Campbeltown Grammar have been included within Operational Land & Buildings.

Movements in 2021-22	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2021	59,250	130,677	189,927
Additions at Cost	4	-	4
Transfers	-	-	-
Revaluations	6,790	4,126	10,916
At 31 March 2022	66,044	134,803	200,847
Depreciation and Impairments			
At 1 April 2021	(5,535)	(8,631)	(14,166)
Charge for 2021-22	(1,748)	(3,089)	(4,837)
Transfers	-	-	-
Revaluations	7,286	11,719	19,005
At 31 March 2022	3	(1)	2
Balance Sheet amount at 31 March 2022	66,047	134,802	200,849
Balance Sheet amount at 31 March 2021	53,715	122,046	175,761

Notes to the Financial Statements

Comparative Movements in 2020-21	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2020	58,897	130,677	189,574
Additions at Cost	353	-	353
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2021	59,250	130,677	189,927
Depreciation and Impairments			
At 1 April 2020	(3,798)	(5,756)	(9,554)
Charge for 2020-21	(1,737)	(2,875)	(4,612)
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2021	(5,535)	(8,631)	(14,166)
Balance Sheet amount at 31 March 2021	53,715	122,046	175,761
Balance Sheet amount at 31 March 2020	55,099	124,921	180,020

Notes to the Financial Statements

18.2 Schools NPDO Finance Lease Liability

The finance lease liability arising from the Schools NPDO contract is as follows:

Movements in 2021-22	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2021	(55,909)	(65,175)	(121,084)
Additions	-	-	-
Repayments	2,033	2,767	4,800
Prior year repayment adjustment	-	-	-
Schools Finance Lease Liability at 31 March 2022	(53,876)	(62,408)	(116,284)
Split:			
Obligations payable within 1 year	(2,000)	(3,071)	(5,071)
Obligations payable after 1 year	(51,876)	(59,337)	(111,213)
Schools Finance Lease Liability at 31 March 2022	(53,876)	(62,408)	(116,284)

Comparative Movements in 2020-21	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2020	(55,968)	(67,666)	(123,634)
Additions	-	-	-
Repayments	1,994	2,491	4,485
Prior year repayment adjustment	(1,935)	-	(1,935)
Schools Finance Lease Liability at 31 March 2021	(55,909)	(65,175)	(121,084)
Split:			
Obligations payable within 1 year	(2,033)	(2,766)	(4,799)
Obligations payable after 1 year	(53,876)	(62,409)	(116,285)
Schools Finance Lease Liability at 31 March 2021	(55,909)	(65,175)	(121,084)

Notes to the Financial Statements

18.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Lifecycle Costs £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2022 - 2023	3,071		6,475	5,602	15,148
2023 - 2027	13,916	2,159	22,042	24,256	62,373
2027 - 2032	26,409	3,204	18,381	34,329	82,323
2032 - 2035	19,013	1,522	4,359	18,291	43,185
Total	62,409	6,885	51,257	82,478	203,029

18.4 Payments due to Operator under Schools DBFM Contract

The Council is committed to paying the following sums under the Schools DBFM contract:

Future Repayment Periods	Repayment of Liability £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2022- 2023	2,000	2,321	786	5,107
2023 - 2027	8,078	8,517	4,114	20,709
2027 - 2032	10,510	8,868	7,201	26,579
2032 - 2037	12,609	4,959	10,365	27,933
2037 - 2042	16,696	2,436	9,284	28,416
2042 - 2043	3,983	266	763	5,012
Total	53,876	27,367	32,513	113,756

19. OPERATING LEASES

19.1 Operating Leases – Amounts Paid to Lessors

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amounts paid under these arrangements in 2021-22 were as follows:

2020-21 £'000		2021-22 £'000
256	Land and Buildings	226
1,407	Vehicles	1,322
184	Plant and Equipment	176
1,847	Total	1,724

Notes to the Financial Statements

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2022 to making payments of £2.990m under operating leases comprising the following elements:

31st March 2021			31st March 2022	
Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000		Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
177	311	Due within 1 year	161	286
583	254	Due between 1 and 5 years	574	314
1,625	38	Due after 5 years	1,579	76
2,385	603	Value at 31 March	2,314	676

20. FINANCE LEASES

20.1 Finance Leases – Amounts Paid to Lessors

During 2017-18 the Council purchased a new cremator for Cardross Crematorium under a finance lease arrangement. The amount paid under this arrangement in 2021-22 was as follows:

2020-21 £'000		2021-22 £'000
63	Plant and Equipment	63
63	Total	63

20.2 Assets Held Under Finance Leases

Assets purchased under a finance leases are included within the assets of the Council and depreciated over the life of the asset as follows:

2020-21 £'000	Vehicles, Plant and Equipment	2021-22 £'000
478	Value at 1 April	427
-	Additions	-
(51)	Depreciation	(51)
427	Value at 31 March	376

Notes to the Financial Statements

20.3 Finance Lease Liability

The Council was committed at 31 March 2022 to making payments of £0.396m under finance leases comprising the following elements:

Movements in 2021-22	£'000
Balance at 1 April 2021	(440)
Additions	-
Repayments	44
Finance Lease Liability at 31 March 2022	(396)
Split:	
Obligations payable within 1 year	(63)
Obligations payable between 1 and 5 years	(251)
Obligations payable after 5 years	(155)
Finance Lease Obligations at 31 March 2022	(469)
Less Interest element of lease	73
Finance Lease Liability at 31 March 2022	(396)

Comparative Movements in 2020-21	£'000
Balance at 1 April 2020	(483)
Additions	-
Repayments	43
Finance Lease Liability at 31 March 2021	(440)
Split:	
Obligations payable within 1 year	(63)
Obligations payable between 1 and 5 years	(252)
Obligations payable after 5 years	(217)
Finance Lease Obligations at 31 March 2021	(532)
Less Interest element of lease	92
Finance Lease Liability at 31 March 2021	(440)

Notes to the Financial Statements

21. LONG TERM DEBTORS

31st March 2021 £'000		31st March 2022 £'000
14	House Loans	13
750	Waste PPP Historic Contamination Fund	750
1,384	Charging Orders - Care Home Fees	1,465
3,297	Strategic Housing Fund Loans to Registered Social Landlords	3,229
583	Other Long Term Debtors	335
6,028	Total Long Term Debtors	5,792

22. DEBTORS

31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
18,350		Arrears of Local Taxation	19,410	
(16,170)		Less: Impairment of Bad Debts	(16,910)	
	2,180			2,500
1,030		Housing Benefits Overpayments	974	
(955)		Less: Impairment of Bad Debts	(910)	
	75			64
6,092		Debtor Accounts	3,351	
(1,012)		Less: Impairment of Bad Debts	(1,067)	
	5,080			2,284
	-	Net Debtor to Scottish Government for Non Domestic Rates		721
	3,080	VAT Recoverable from HMRC		2,436
	205	Strategic Housing Fund Loans due within 1 Year		68
	6,037	Accrued Income		4,449
	3,789	Other Debtors		5,741
	20,446	Total Debtors		18,263

Notes to the Financial Statements

23. ASSETS HELD FOR SALE

The movement in assets held for sale during 2021-22 was:

2020-21 £'000	Movements	2021-22 £'000
674	Balance Sheet amount at 1st April 2021	1,865
1,624	Assets newly classified as "Held for Sale" (Property, Plant and Equipment)	228
(25)	Additions	-
(43)	Revaluation losses	(12)
-	Revaluation gains	134
-	Impairment losses	-
-	Assets declassified as "Held for Sale" (Property, Plant and Equipment)	-
(365)	Assets Sold	(706)
1,865	Balance Sheet amount at 31st March 2022	1,509

24. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2021 £'000		31 March 2022 £'000
4	Cash held by the Authority	1
(30)	Cash in transit	74
25,518	Short term deposits with banks	5,117
17,290	Short term deposits in Money Market Funds	19,600
(7,144)	Bank Current Accounts	(5,064)
35,638	Total Cash and Cash Equivalents	19,728

Notes to the Financial Statements

25. CREDITORS

31 March 2021 £'000		31 March 2022 £'000
7,134	Accrued Payrolls and Superannuation	7,544
2,761	Accrued Employer's National Insurance Contributions and PAYE	2,880
7,206	Accrual for Short Term Accumulating Absences	6,927
983	Creditors System Liability	11
14,925	Accrued Expenditure	12,117
2,389	Health and Social Care Partnership Creditor	2,148
400	RCGF Grant Income	387
180	Housing Benefit Subsidy	-
829	Trust Funds	856
1,171	Net Creditor to Scottish Government for Non Domestic Rates	-
7,479	Other Creditors	8,413
45,457	Total Creditors	41,283

26. FINANCIAL INSTRUMENTS DISCLOSURES

26.1 Types of Financial Instruments

Accounting regulations require the "Financial Instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "Financial Instruments":

31 March 2021			31 March 2022	
Long Term £'000	Current £'000		Long Term £'000	Current £'000
		Investments and Lending		
6,388	118,396	Loans and Receivables	6,284	38,434
		Borrowing		
284,848	50,920	Financial Liabilities at amortised cost	273,969	64,282

26.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2022 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

Notes to the Financial Statements

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2021			31 March 2022	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
124,784	125,076	Lending Loans and Receivables	44,718	44,954
335,768	422,798	Borrowing Financial Liabilities	338,251	401,463

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

26.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments.

26.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

26.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2022 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2022 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Deposits with Banks and Money Market Funds	24,717	-	-

The information in respect of the Council's debtors can be found in note 21 and 22. The Debtor Accounts

Notes to the Financial Statements

represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 22 represents the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the Council and credit is issued on the Council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

26.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under Financial Instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 30% of the loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2021 £'000	Maturity analysis of financial liabilities	31 March 2022 £'000
50,920	Less than one year	64,281
10,893	Between one and two years	5,284
16,915	Between two and five years	17,690
257,040	More than five years	250,996
335,768		338,251

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

26.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the "fair value" of both lending and borrowing at fixed rates. Changes in "fair value" of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.

During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.

The Council takes the daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring

Notes to the Financial Statements

of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the Government Grant support the Council receives for "loan charges".

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2022, with all other variables held constant:

	31 March 2022 £'000
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	105
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for "loan charges"	-
Net effect on Statement of Comprehensive Income & Expenditure	105

	31 March 2022 £'000
Other accounting presentational changes	
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the notes to the financial statements)	43,465

The impact of a 1% fall in the interest rates would be as above but with the changes being reversed.

26.8 Price Risk

The Council has no investment classified as "available-for-sale".

26.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

26.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

31 March 2021 £'000		31 March 2022 £'000
32,808	Banks and Money Market Funds	24,717

26.11 Soft Loans

The Council has no material soft loans at 31 March 2022, on which no interest was being charged.

Notes to the Financial Statements

26.12 Short-Term Borrowing

The Common Good and the various Trust Funds administered by the Council had monies temporarily invested with the Council's loans fund during the year. The amounts at 31 March 2022 are shown in the table below. Further details of the nature and amounts of the funds of the Common Good and Trust Funds are shown in notes 36 and 37.

31 March 2021 £'000		31 March 2022 £'000
133	Common Good	139
829	Trust Funds	856

27. OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £117.430m as at 31 March 2022 and comprise the following:

Movements in 2021-22	Opening Balance 1 April 2021 £'000	Movement in Year £'000	Closing Balance 31 March 2022 £'000
Finance Lease Liability (See note 20.3)	(440)	44	(396)
Schools Finance Lease Liability (See note 18.2)	(121,084)	4,800	(116,284)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(122,274)	4,844	(117,430)
Split:			
Short Term Liabilities (due within 1 year)			(5,117)
Long Term Liabilities (due after 1 year)			(112,313)
Total Other Liabilities			(117,430)

Notes to the Financial Statements

28. PROVISIONS

	Opening Balance 1 April 2021 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2022 £'000
Equal Pay Claims	(59)	-	-	16	(43)
Income due to Registered Social Landlords	(71)	(19)	-	-	(90)
Commercial Rent Balances	(154)	(20)	-	-	(174)
Service Choices Redundancy Costs	(150)	(65)	138	-	(77)
Landfill Sites - Restoration and Aftercare Costs	(1,909)	(80)	-	-	(1,989)
Utilities Provision	(256)	-	-	33	(223)
Litigation Claims	(250)	(50)	79	-	(221)
Insurance Excess Provision	(10)	-	-	-	(10)
NPDO and Hub DBFM Payments	(1,477)	(379)	158	215	(1,483)
Total Provisions	(4,336)	(613)	375	264	(4,310)
<i>Split:</i>					
Short Term Provisions (due within 1 year)					(2,231)
Long Term Provisions (due after 1 year)					(2,079)
Total Other Liabilities					(4,310)

A provision was created at the end of 2005-06 in relation to employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. There may be further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

The Council reduced the discount on Council Tax from second homes to 10% during 2005-06. The additional Council Tax income invoiced during 2021-22 amounted to £2.106m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected has been created amounting to £0.090m.

There is a provision for Commercial Rents where arrangements have been put in place for repayment over a number of years. The provision reflects the uncertainty of collection of the debt.

Liabilities have arisen in respect of employees who will be made redundant as a result of savings options agreed. The cost for any employee, whose contract has been terminated on or before 31 March 2022 has been incurred in year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2022, a provision of £0.077m has been created.

A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. The landfill sites were revalued at 31 March 2022 and the provision for restoration and aftercare increased to £1.989m. These have been provided for based on the net present value of estimated future costs.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.033m has been reversed during 2021-22 resulting in a total provision of £0.223m.

Notes to the Financial Statements

A legal litigation provision was created in 2020-21 as the Council is currently involved in several ongoing cases that will incur costs into future years. The provision is based on sums invoiced and anticipated future costs.

A provision was created in 2020-21 for insurance excess costs in relation to an ongoing HR process and this has been carried forward into 2021-22.

The NPDO provision for withheld sums from the Unitary Charge paid to ABC Schools which relate to disputed performance deductions and unbilled utility costs. The HUB DBFM provision for withheld sums from the Monthly Service Payment paid to Hub North Scotland (O&C) Ltd which relate to disputed performance deductions.

29. CAPITAL GRANTS RECEIVED IN ADVANCE

	Opening Balance 1 April 2021 £'000	Capital Grants Received £'000	Amounts Used £'000	Closing Balance 31 March 2022 £'000
Ministry of Defence LIBOR Funding - Helensburgh & Lomond	(5,000)	-	5,000	-
Grant in Aid - Gaelic School Capital Fund	(7)	-	7	-
Total Other Liabilities	(5,007)	-	5,007	-
Split:				
Capital Grant Receipts in Advance (due within 1 year)				-
Capital Grant Receipts in Advance (due after 1 year)				-
Total Other Liabilities				-

The Chancellor of the Exchequer, in his Spring 2016 Budget, awarded Argyll and Bute Council LIBOR funding of £5m. The Ministry of Defence (MOD) are acting on behalf of Her Majesty's Treasury (HMT) with regard to all matters relating to this funding.

The purpose of the grant is to provide a contribution to the costs of the provision of the new Helensburgh Leisure Centre on condition that serving personnel and their families are offered favourable admission terms. This is because the LIBOR funds are to be used to recognise the contribution made by the Armed Forces Community to the nation. These funds have been drawn down in 2021-22.

30. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two separate pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Notes to the Financial Statements

Teachers

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contribution scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

30.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2022. These payments have been accrued and are included within the creditors figure on the Balance Sheet. These have been paid during April 2022. The amounts are as follows:

- Local Government Pension Scheme – £1.671m
- Teachers' Scheme – £1.082m

30.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2020. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer's pensionable payroll over the year to 31 March 2022 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Notes to the Financial Statements

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2020-21 £'000		2021-22 £'000
	Comprehensive Income and Expenditure Statement:	
	Cost of Services:	
	<i>Service cost comprising:</i>	
24,830	Current Service Cost	37,756
73	Past Service Cost (Including Curtailments)	197
24,903	Net Cost of Services	37,953
1,888	Net Interest Expense	1,864
26,791	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,817
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(153,529)	Return on Assets (excluding amounts included in net interest)	(46,314)
(16,702)	Other Experience (see note (i) below)	1,795
173,619	Change in Financial and Demographic Assumptions	(66,129)
30,179	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(70,831)
	Statement of Movement in Reserves:	
(11,580)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(23,700)
	Actual Amount charged against the General Fund Balance for pensions in the year:	
15,211	Employer's Contributions Payable to the Scheme	16,117

- (i) *A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular cost method. (ASOP No. 4)*

Notes to the Financial Statements

30.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2020-21 £'000		2021-22 £'000
743,420	Defined Benefit Obligation at 1 April 21	897,836
24,830	Current Service Cost	37,756
73	Past Service Costs including Curtailments	197
17,390	Interest Cost	18,152
4,182	Contributions by Scheme Participants	4,457
131,520	Re-measurement (Gains) and Losses	(64,334)
(23,579)	Estimated Benefits Paid	(22,822)
897,836	Defined Benefit Obligation at 31 March 22	871,242

Reconciliation of fair value of the scheme (plan) assets:

2020-21 £'000		2021-22 £'000
676,074	Fair Value of Employer Assets at 1 April 21	815,522
	Re-measurement (Gains) and Losses:	
153,529	Expected Rate of Return on Pension Fund Assets	46,314
(25,397)	Actuarial (Gains) and Losses	-
15,502	Interest Income on Plan Assets	16,288
15,211	Employers Contributions	16,117
4,182	Contributions by Scheme Participants	4,457
(23,579)	Estimated Benefits Paid	(22,822)
815,522	Fair Value of Employer Assets at 31 March 22	875,876

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

30.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

2020-21 £'000	Local Government Pension Scheme	2021-22 £'000
(870,979)	Present Value of Funded Liabilities	(846,815)
(26,857)	Present Value of Unfunded Liabilities	(24,427)
815,522	Fair Value of Employer Assets	875,876
(82,314)	Surplus/(Deficit) in the Scheme	4,634

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

Notes to the Financial Statements

30.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2022 comprised:

2020-21 £'000		2021-22 £'000
13,691	Cash and Cash Equivalents	22,287
	Equity Instruments (by industry type)	
46,957	Consumer	41,032
46,519	Manufacturing	38,595
8,518	Energy and Utilities	9,115
28,867	Financial Institutions	24,122
22,751	Health and Care	29,269
37,735	Information Technology	50,860
-	Other	-
191,347	Sub-total Equity Instruments	192,993
	Bonds (by sector)	
-	Corporate	-
-	Government	-
-	Sub-total Bonds	-
	Real Estate	
66,075	UK Property	73,866
-	Overseas Property	-
66,075	Sub-total Real Estate	73,866
145,865	Private Equity (All)	171,465
	Investment Funds and Unit Trusts	
285,233	Equities	324,322
110,297	Bonds	88,462
345	Commodities	301
824	Infrastructure	769
1,698	Other	1,411
398,397	Sub-total Investment Funds and Unit Trusts	415,265
	Derivatives	
-	Forward Foreign Exchange Contracts	-
147	Other	-
147	Sub-total Derivatives	-
815,522	Total Assets	875,876

Notes to the Financial Statements

2020-21 £'000	Fair Value of Pension Fund Assets	2021-22 £'000
	Equity Securities	
190,471	Quoted in an Active Market	192,575
876	Not Quoted in an Active Market	418
191,347	Sub-total Equity Securities	192,993

30.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

2020-21 Years	Mortality assumptions	2021-22 Years
19.8	Longevity at 65 for current pensioners: Men	19.6
22.6	Women	22.4
21.2	Longevity at 65 for future pensioners: Men	21.0
24.7	Women	24.5
2020-21 %	Financial Assumptions	2021-22 %
2.9%	Rate of Inflation (CPI)	3.2%
3.6%	Rate of Increase in Salaries	3.9%
2.9%	Rate of Increase in Pensions (CPI)	3.2%
2.0%	Rate for discounting scheme liabilities	2.7%
2020-21 %	Long-term Expected Rate of Return on Assets in the Fund	2021-22 %
2.0%	Equity Investments	2.7%
2.0%	Bonds	2.7%
2.0%	Property	2.7%
2.0%	Cash	2.7%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

30.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range.

Notes to the Financial Statements

30.8 Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2022-2023.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £14.344m. This is based on an assumed pensionable payroll of £74.322m.

The assumed weighted average duration of the defined benefit obligation for the Council falls into the "Medium" duration category which is between 17 and 23 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

30.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency. The Scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The Scheme is financed by payments from employers and from those current employees who are members of the Scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified by the regulations.

Employers currently pay a contribution rate of 23% - about two thirds of the cost of an individual's pension. This took effect from 1 September 2019.

The Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the Scheme or withdrawal from the Scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Authority is unable to identify its share of the underlying assets and liabilities of the scheme.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 23% employers' contribution rate.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2022, the council's own contributions equate to 1.45%.

2020-21		2021-22
9,229	Amount Paid Over (£'000)	9,497
23.00%	Rate of Contribution (%)	23.00%
520	Amount of Added Years Awarded by the Council (£'000)	514

The contributions due to be paid to the Teacher's Scheme by the Council in the next financial year are estimated to be £9.798m.

Notes to the Financial Statements

31. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2021-22				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive and Strategic Finance	-	1,108	-	(21)	1,087
Executive Director (Douglas Hendry)					
Executive Director (Douglas Hendry)	-	65	-	(6)	59
Commercial Services	2,159	1,744	-	4,150	8,053
Education	(5,401)	4,944	-	(7,916)	(8,373)
Legal and Regulatory Support	(605)	926	(4,800)	2,554	(1,925)
Executive Director (Kirsty Flanagan)					
Executive Director (Kirsty Flanagan)	-	49	-	(17)	32
Head of Customer Support	1,173	1,544	-	396	3,113
Head of Development and Economic Growth	341	1,754	-	(309)	1,786
Roads and Infrastructure	11,852	4,139	-	1,196	17,187
Social Work	170	2,381	-	(313)	2,238
Other Non-Departmental Costs	4	(700)	-	9	(687)
	-	-			
Net Cost of Services	9,693	17,954	(4,800)	(277)	22,570
Other Income and Expenditure	(24,564)	5,746	-	(923)	(19,741)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement (Surplus)/Deficit	(14,871)	23,700	(4,800)	(1,200)	2,829

Notes to the Financial Statements

(i) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- Financing and investment income and expenditure – the statutory charges for capital financing (loans fund advances) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

(ii) Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) Capital element of schools NPDO payment

- This is the capital cost of the annual payment to the schools NPDO operator and represents repayment of the Balance Sheet liability rather than a charge to Comprehensive Income and Expenditure Statement.

(iv) Other Adjustments

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For services an adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts (Comparative Year)	Adjustments between Funding and Accounting Basis 2020-21				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive and Strategic Finance	(66)	535	-	(17)	452
Executive Director (Douglas Hendry)					
Executive Director (Douglas Hendry)	-	34	-	(7)	27
Commercial Services	1,834	844	-	4,149	6,827
Education	3,509	2,399	-	(7,475)	(1,567)
Legal and Regulatory Services	2,911	443	(2,549)	2,554	3,359
Executive Director (Kirsty Flanagan)					
Executive Director (Kirsty Flanagan)	-	24	-	(18)	6
Head of Customer Support Services	1,276	789	-	395	2,460
Head of Development and Economic Growth	(9)	885	-	(306)	570
Roads and Amenity Services	8,839	1,996	-	1,189	12,024
Social Work	677	3,096	-	(308)	3,465
Other Non-Departmental Costs	4	(1,351)	-	-	(1,347)
	-	-			
Net Cost of Services	18,975	9,694	(2,549)	156	26,276
Other Income and Expenditure from the Expenditure and Funding Analysis	(13,184)	1,886	-	(660)	(11,958)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement (Surplus)/Deficit	5,791	11,580	(2,549)	(504)	14,318

Notes to the Financial Statements

32. UNUSABLE RESERVES

Movements in the Council's unusable reserves are detailed in the Statement of Movement in Reserves.

32.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

32.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

32.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

32.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

Notes to the Financial Statements

32.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

33. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Statement of Movement in Reserves.

33.1 Capital Funds

The Council holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year, and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

During the 2007-08 financial year the Council established a Capital Fund under Section 22 of Schedule 3 of the Local Government (Scotland) Act 1975. All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008.

The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2021-22	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2021	2,872	1,534	4,406
Proceeds of Disposals	3	835	838
Transfer to Capital Adjustment Account	-	(835)	(835)
Contribution to Capital Fund From Revenue	-	-	-
Interest Earned	2	3	5
Balance at 31 March 2022	2,877	1,537	4,414

33.2 Repairs and Renewals Fund

The movement in the Education Repairs and Renewals Fund is as follows:

Movements in 2021-22	Balance at 1 April 2021 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2022 £'000
Education	2,134	(349)	2	895	2,682
Total	2,134	(349)	2	895	2,682

Notes to the Financial Statements

34. CONTINGENT LIABILITIES

34.1 Equal Pay Claims

The Council settled a number of equal pay claims during 2017-18, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

34.2 Goodwin Judgement

The Social Security Act 1986 introduced changes to survivor pensions which resulted in most public service pension schemes providing survivor benefits to widowers (male survivors in opposite-sex marriages) based on the female spouse's service from 6 April 1988 onwards. Since the introduction of civil partnerships and same sex marriages, public service pension schemes have provided survivor benefits in respect of both which have been in line with those paid to widowers. An employment tribunal (the Goodwin case) concluded on 30 June 2020 that a female member in an opposite sex marriage is treated less favorably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. Where schemes contain provisions deemed discriminatory, those provisions must be dis-applied as being contrary to the non-discrimination rule set out in section 61 of the Equality Act 2010. In light of this ruling the Chief Secretary to the Treasury has confirmed that amendments would be made to the Teachers' Pension Scheme and other public service pension schemes so that "surviving male same-sex and female same-sex spouses and civil partners will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages"

There is still uncertainty surrounding the potential remedy to the Goodwin judgement however the Council's actuaries have estimated the potential impact of implementing a solution to correct the past underpayment of spouses' benefits to be circa 0.1% - 0.2% of gross obligations. This would amount to £0.871m at 0.1% for the Council or £1.742m at 0.2%. As there is still uncertainty over the remedy and the potential impact no provision has been made in the accounts at the current time.

34.3 Other Legal Challenges

There are other legal challenges which are on-going and may result in future liabilities.

35. TERMINATION BENEFITS

A number of savings options have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Councils staffing levels. The Council had forewarning of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year, provision was made within the financial year for the costs of all employees who had accepted redundancy as at 31 March ending that year, including accounting for costs for employees who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2021-22 is £0.308m for 6 employees and in 2020-21 was £0.522m for 16 employees. These costs are detailed further in the Remuneration Report.

Termination costs for all Council employees who have accepted redundancy by 31 March 2022 have been accounted for in 2021-22, or in previous financial years.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the savings agreed by the Council. There will be further redundancy costs

Notes to the Financial Statements

incurred as the Council is required to make further savings to balance the budget in future years and the council have earmarked monies from the loans fund one-off re-profiling gain.

36. TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which the Council act as sole trustee:

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	14	3	676	676
GM Duncan Trust	-	2	69	69
MacDougall Trust	26	-	1,124	1,124
Various Other Trust Funds	1	9	466	466
Total Trust Funds	41	14	2,335	2,335

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by the Council, can be obtained from Financial Services within the Chief Executive's Unit.

A number of the trust funds administered by the Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by the Council comply and will continue to comply with these requirements.

37. COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2022. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Financial Services within the Chief Executive's Unit.

37.1 Common Good Income and Expenditure Account for the year ended 31 March 2022

2020-21				2021-22		
Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000		Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000
132	22	154	Expenditure	160	39	199
(371)	(226)	(597)	Income	(217)	(134)	(351)
(239)	(204)	(443)	(Surplus)/Deficit for the Year	(57)	(95)	(152)

Notes to the Financial Statements

37.2 Common Good Balance Sheet at 31 March 2022

2020-21				2021-22		
Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000		Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000
4,598	319	4,917	Tangible Fixed Assets	5,858	319	6,177
1,856	1,098	2,954	Investments	2,014	1,193	3,207
117	172	289	Current Assets	153	169	322
(9)	(2)	(11)	Current Liabilities	(42)	-	(42)
6,562	1,587	8,149	Total Assets less Liabilities	7,983	1,681	9,664
4,598	323	4,921	Revaluation Reserve	5,858	323	6,181
1,964	1,264	3,228	Common Good Fund	2,125	1,358	3,483
6,562	1,587	8,149	Total Net Worth	7,983	1,681	9,664

38. TAX INCREMENTAL FINANCING (TIF) PROJECTS

The Council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc Tax Incremental Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue.

The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Lorn Arc area of Oban. The project is for 25 years, with the first material capital investment incurred during the financial year ended 31 March 2015.

During the TIF project period, the Council is entitled to retain the TIF revenue from its NDR revenue, a pro-rata amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The Council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. If all projects are delivered and debt is fully paid, the Council can retain 50% of the TIF revenue for further infrastructure investment until the end of the TIF period.

Net capital expenditure incurred in the year to 31 March 2022, to be funded from borrowing, in respect of TIF assets totalled £0.049m (2020-21 £0.037m). This is reflected in the "Summary of Capital Expenditure and Financing" outlined within note 14.4. The total TIF debt to be repaid over the project period, in respect of investment to 31 March 2022, has been calculated in accordance with finance circular No. 4/2014 at £0.987m (2020-21 £0.939m).

There is a retention of £0.336m of TIF income during 2021-22 (2020-21 £0.164m) to repay the notional borrowing for TIF. Principal sums accumulated by 2021-22 amount to £0.137m (2020-21 £0.132m) and cumulative interest £0.117m (2020-21 £0.115m) resulting in a net cumulative surplus of £1.103m (2020-21 £0.773m) which will be used to pay down TIF debt per the TIF agreement and the balance of £0.252m will be placed in earmarked reserves to be used in future years to repay debt costs.

Notes to the Financial Statements

39. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

2020-21 £'000		2021-22 £'000
(14,257)	Net (Surplus)/Deficit on Provision of Services	(15,016)
	<i>Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:</i>	
(14,609)	Statutory Adjustments through Statement of Movement in Reserves	(3,379)
291	Transfer to/from Other Statutory Reserves	553
151	Increase/(Decrease) in Inventories	(58)
2,311	Increase/(Decrease) in Debtors	(2,487)
(13,181)	(Increase)/Decrease in Creditors and Provisions	3,312
(5,509)	Other Revenue Adjustments	(4,593)
(30,546)		(6,652)
	<i>Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:</i>	
5,063	Non Cash Capital	12,772
(2,592)	Capital Element of Finance Lease Payments	(4,844)
2,471		7,928
(42,332)	Net Cash Flows from Operating Activities	(13,740)
	<i>The cash flows for Operating Activities include the following items:</i>	
7,269	Interest Paid on Borrowings	7,074
2,592	Interest Paid on Finance Leases	4,844
(292)	Interest Received on Bank Deposits	(241)
9,569	Net Cash Outflow from Servicing of Finance	11,677

40. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

2020-21 £'000		2021-22 £'000
17,491	Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	30,203
3,000	Investments made/(disposed of) during year	20,000
(612)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(815)
(12,139)	Other Receipts from Investing Activities	(17,345)
7,740	Net Cash Outflow from Investing Activities	32,043

Notes to the Financial Statements

41. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

2020-21 £'000		2021-22 £'000
(332)	Cash Receipts of Short and Long Term Borrowing	(10,184)
313	Other Receipts from Financing Activities	1,892
2,592	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	4,844
5,166	Repayments of Short and Long Term Borrowing	1,055
7,739	Net Cash (Inflow)/Outflow from Financing Activities	(2,393)

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

2020-21 Actual £'000		2021-22 Actual £'000
70,624	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	71,280
	Less:	
(15,067)	Other Discounts and Reductions	(14,516)
(1,484)	Write-off of Uncollectable Debts and Allowance for Impairment	(1,358)
54,073	Total	55,406
364	Adjustment to Previous Years' Community Charge and Council Tax	836
54,437	Transfers to General Fund	56,242

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2021-22 was as follows:

Band	Valuation Band	Ratio Band D	£ per year
A	Up to £27,000	6/9	911.82
B	£27,001 - £35,000	7/9	1,063.79
C	£35,001 - £45,000	8/9	1,215.76
D	£45,001 - £58,000	9/9	1,367.73
E	£58,001 - £80,000	473/360	1,797.05
F	£80,001 - £106,000	585/360	2,222.56
G	£106,001 - £212,000	705/360	2,678.47
H	Over £212,000	882/360	3,350.94

2. CALCULATION OF THE COUNCIL TAX BASE 2021-22

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,447	10,038	9,447	6,242	7,659	4,382	2,942	254	48,411
Less - Exemptions / Deductions	956	757	895	472	567	232	148	50	4,077
- Adjustment for Single Chargepayers	894	1,106	799	467	443	218	110	6	4,043
Effective Number of Properties	5,597	8,175	7,753	5,303	6,649	3,932	2,684	198	40,291
Band D Equivalent Factor (ratio)	67%	78%	89%	100%	131%	163%	196%	245%	
Band D Equivalent Number of Properties	3,731	6,358	6,892	5,303	8,736	6,390	5,256	485	43,151
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									499
Nominal Tax Yield									43,650
Less Provision for Council Tax Reduction Scheme					9.4%				4,104
Council Tax Base 2021-22 - Number of Band D equivalents									39,546

Non Domestic Rate Income Account

The Non-Domestic Rate Income Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2020-21 Actual £'000		2021-22 Actual £'000
56,335	Gross rates levied and Contributions in Lieu	55,736
	Less:	
(28,240)	Reliefs and other deductions	(25,366)
-	Payment of Interest	-
(281)	Write-off of Uncollectable Debts and Allowance for Impairment	(304)
27,814	Total Net Non-Domestic Rate Income	30,066
(2,914)	Adjustments for prior years	(4,024)
-	Business Rate Incentivisation Scheme (BRIS) NDR Income Retained	-
(164)	Tax Incremental Finance (TIF) Scheme NDR Income Retained	(336)
24,736	Contribution to National Non-Domestic Rate Pool	25,706
(1,452)	Difference between Distributable and Contributable NDR Income amounts	(636)
23,284	Distribution from Non-Domestic Rate Pool credited to Comprehensive Income and Expenditure Statement	25,070

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

2020-21 £		2021-22 £
9,370,855	Industrial and freight transport subjects	9,355,020
73,835,770	Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	75,263,110
	Commercial subjects:	
13,864,845	Shops	13,964,305
5,869,970	Offices	5,871,270
9,596,600	Hotels, Boarding Houses etc.	9,503,760
1,921,620	Others	1,921,820
114,459,660	Total Rateable Value	115,879,285

2. NON-DOMESTIC RATE CHARGE

2020-21 Pence		2021-22 Pence
49.8p	Rate Per Pound	49.0p
1.3p	Supplementary Rate Per Pound for Properties between £51,000 and £95,000	1.3p
2.6p	Supplementary Rate Per Pound for Properties over £95,000	2.6p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

Group Accounts - Introduction

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

THE GROUP ACCOUNTS

The Group Accounts comprise the following financial statements:

- **Group Statement of Comprehensive Income and Expenditure:** this statement shows the accounting cost in the year of providing the Council’s services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.
- **Group Balance Sheet:** The Balance Sheet is a snapshot of the value at the 31 March 2022 of the assets and liabilities recognised by the Council and its share of the net assets or liabilities of its associates and Common Good funds. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates is matched by its share of the reserves of the associates (i.e. its group reserves).
- **Group Statement of Movement in Reserves:** this statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. The Council’s reserves are analysed into those which are “Usable Reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council’s share of the reserves of Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation). The Council’s Statement of Movement in Reserves gives a more detailed analysis of the movement in the Council’s usable and unusable reserves during 2021-22.
- **Group Cash Flow Statement:** The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its associates Common Good Funds. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

Group Statement of Comprehensive Income and Expenditure

2020-21			Service	2021-22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
25,784	20,003	5,781	Chief Executive and Financial Services	25,714	18,837	6,877
130,969	22,977	107,992	Executive Director - Douglas Hendry	129,856	25,189	104,667
90,630	25,583	65,047	Executive Director - Kirsty Flanagan	105,485	34,846	70,639
147,227	85,655	61,572	Health and Social Care Integration	158,106	88,788	69,318
11,433	3,591	7,842	Other Non-Departmental Costs	10,718	251	10,467
1,981	5,010	(3,029)	Associates and Joint Ventures Accounted for on an Equity Basis	2,125	9,390	(7,265)
408,024	162,819	245,205	Net Cost of Services	432,004	177,301	254,703
			Other Operating Income and Expenditure:			
		6,286	Net (Gain)/loss on Disposal of Fixed Assets			(103)
		1,381	Other Operating Income and Expenditure			1,836
		7,667	Total Other Operating Income and Expenditure			1,733
			Financing and Investment Income and Expenditure:			
		16,211	Interest Payable and Similar charges			15,993
		(955)	Interest and Investment Income			(805)
		1,888	Net Pension Interest Expense			1,864
		17,144	Total Financing and Investment Income and Expenditure			17,052
			Taxation and Non-Specific Grant Income:			
		(197,110)	General Government Grants			(191,432)
		(13,495)	Government Capital Grants and Other Capital Contributions			(21,700)
		(23,448)	Non-domestic Rates Redistribution and Retained Non-domestic Rates (TIF & BRIS)			(25,406)
		(54,437)	Council Tax Income			(56,242)
		(288,490)	Total Taxation and Non-Specific Grant Income			(294,780)
		(18,474)	(Surplus)/Deficit on Provision of Services			(21,292)
		(9,030)	(Surplus)/Deficit on revaluation of Fixed Assets			(27,995)
		7,009	Other Post Employment Benefits (Pensions)			(113,865)
		(591)	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds			(2,111)
		(2,612)	Other Comprehensive Income and Expenditure			(143,971)
		(21,086)	Total Comprehensive Income and Expenditure			(165,263)

Group Balance Sheet



31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment		
376,141		- Other Land and Buildings	414,852	
9,945		- Vehicles, Plant, Furniture and Equipment	11,798	
222,947		- Infrastructure Assets	230,478	
10,848		- Community Assets	13,631	
1,637		- Surplus Assets	1,408	
25,599		- Assets Under Construction	35,344	
	647,117	Total Property Plant & Equipment		707,511
	2,086	Heritage Assets		2,099
	572	Intangible Assets		604
	2,435	Investment Property		2,428
	6,028	Long-Term Debtors		5,792
	20,946	Long-Term Investments		3,699
	-	Other Long-Term Debtors (Pensions)		1,084
	3,751	Investment in Associates and Joint Ventures		4,521
	682,935	Total Long Term Assets		727,738
		Current Assets		
908		Inventories	863	
20,541		Short Term Debtors (Net of Impairment)	18,382	
1,865		Assets Held for Sale	1,509	
45,000		Short Term Investments	82,500	
38,011		Cash and Cash Equivalents	22,535	
5,808		Investment in Associates and Joint Ventures	13,161	
	112,133	Total Current Assets		138,950
		Current Liabilities		
(2,874)		Short-term Borrowing	(17,745)	
(45,952)		Short-term Creditors	(42,034)	
(7)		Capital Grant Receipts in Advance	-	
(2,356)		Provisions	(2,231)	
(4,842)		Other Short Term Liabilities	(5,117)	
(367)		Liabilities in Associates and Joint Ventures	(281)	
	(56,398)	Total Current Liabilities		(67,408)
		Long-term Liabilities		
(167,418)		Borrowing Repayable within a Period in Excess of 12 Months	(161,657)	
(117,432)		Other Long-term liabilities	(112,313)	
(1,980)		Provisions	(2,079)	
(5,000)		Capital Grant Receipts in Advance	-	
(87,703)		Other Long-term liabilities (Pensions)	-	
(1,167)		Liabilities in Associates and Joint Ventures	-	
	(380,700)	Total Long-term Liabilities		(276,049)
	357,970	Total Assets less Liabilities		523,231

Group Balance Sheet



31 March 2021			31 March 2022	
£'000	£'000		£'000	£'000
135,392	255,196	Unusable Reserves		
217,237		- Revaluation Reserve	157,645	
(2,524)		- Capital Adjustment Account	241,327	
(87,703)		- Financial Instruments Adjustment Account	(2,198)	
(7,206)		- Pensions Reserve	1,084	
		- Accumulated Absences Account	(6,928)	
				390,930
	84,785	Usable Reserves		
4,406		- Capital Funds	4,414	
2,134		- Repairs and Renewals Funds	2,682	
78,245		- General Fund Balance	96,087	
				103,183
	9,861	Group Reserves		19,456
	8,128	Common Good Reserves		9,662
	357,970	Total Reserves		523,231

The Unaudited Annual Accounts were issued on 30 June 2022 and the Audited Accounts were authorised for issue on 24 November 2022.

Kirsty Flanagan
Section 95 Officer
24 November 2022

Group Statement of Movement in Reserves

Movements in 2021-22	Argyll and Bute Council										
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council	Council's Share of Reserves of Associates	Total Live Reserves Usable	Total Live Reserves Unusable	Total Common Good Reserves	Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(78,245)	(2,134)	(4,406)	(84,785)	(260,585)	(345,370)	(8,024)	(1,836)	5,389	(8,129)	(357,970)
(Surplus)/Deficit on Provision of Services	(15,016)	-	-	(15,016)	-	(15,016)	(7,265)	1,159	-	(170)	(21,292)
Other Comprehensive Income and Expenditure	-	-	-	-	(137,279)	(137,279)	(2,111)	(3,217)	-	(1,364)	(143,971)
Total Comprehensive Income and Expenditure	(15,016)	-	-	(15,016)	(137,279)	(152,295)	(9,376)	(2,058)	-	(1,534)	(165,263)
Total Statutory Adjustments (See Page 53 to 54)	(3,379)	-	(815)	(4,194)	4,194	-	-	1,839	(1,839)	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(18,395)	-	(815)	(19,210)	(133,085)	(152,295)	(9,376)	(219)	(1,839)	(1,534)	(165,263)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	553	(548)	807	812	(810)	2	-	-	-	-	2
(Increase)/Decrease in Year	(17,842)	(548)	(8)	(18,398)	(133,895)	(152,293)	(9,376)	(219)	(1,839)	(1,534)	(165,261)
Balance at 31 March 2022 Carried Forward	(96,087)	(2,682)	(4,414)	(103,183)	(394,480)	(497,663)	(17,400)	(2,055)	3,550	(9,663)	(523,231)

Group Statement of Movement in Reserves



Comparative Movements in 2020-21	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Live Argyll Reserves Usable	Total Live Argyll Reserves Unusable	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council					
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves							
	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2020	(49,670)	(1,843)	(4,379)	(55,892)	(269,579)	(325,471)	(4,405)	(520)	1,216	(7,705)	(336,885)
Surplus/(Deficit) on Provision of Services	(14,257)	-	-	(14,257)	-	(14,257)	(3,029)	(764)	-	(424)	(18,474)
Other Comprehensive Expenditure and Income	-	-	-	-	(5,642)	(5,642)	(591)	3,621	-	-	(2,612)
Total Comprehensive Expenditure and Income	(14,257)	-	-	(14,257)	(5,642)	(19,899)	(3,619)	2,857	-	(424)	(21,085)
Total Statutory Adjustments (See Page 55 to 56)	(14,609)	-	(612)	(15,221)	15,221	-	-	(4,173)	4,173	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(28,866)	-	(612)	(29,478)	9,579	(19,899)	(3,619)	(1,316)	4,173	(424)	(21,085)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	291	(291)	585	585	(585)	-	-	-	-	-	-
(Increase)/Decrease in Year	(28,575)	(291)	(27)	(28,893)	8,994	(19,899)	(3,619)	(1,316)	4,173	(424)	(21,085)
Balance at 31 March 2021 Carried Forward	(78,245)	(2,134)	(4,406)	(84,785)	(260,585)	(345,370)	(8,024)	(1,836)	5,389	(8,129)	(357,970)

Group Cash Flow Statement

2020-21 £'000		Group Note	2021-22 £'000
(18,474)	Net Deficit on the Provision of Services		(21,292)
(28,254)	Adjustments to net (Surplus)/Deficit on the provision of services for non-cash movements		(10,438)
2,471	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		8,155
(44,257)	Net Cash OutFlow from Operating Activities	8	(23,575)
8,286	Investing Activities	9	41,442
7,741	Financing Activities	10	(2,391)
(28,230)	Net (Increase)/Decrease in Cash and Cash Equivalents		15,476
(9,781)	Cash and Cash Equivalents at the beginning of the Reporting Period		(38,011)
(38,011)	Cash and Cash Equivalents at the end of the Reporting Period		(22,535)

Notes to the Group Financial Statements

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements.

- The Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee financial statements have been prepared under the historic cost convention.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

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

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has "significant influence" over their financial and operating policies. The Council has no shares in or ownership of any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards.

Live Argyll is a wholly owned subsidiary of Argyll and Bute Council and is consolidated within the group accounts on a line by line basis.

The accounting period for all entities is 31 March 2022.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish Local Authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 32 participating Scottish Local Authorities. The Council contributed £0.071m towards Scotland Excel in the 2021-22 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

The Council has an interest in 57 Trust Funds where it acts as sole or custodian trustee. The funds do not represent assets of the Council.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

The Council inherited its interest in these entities following the reorganisation of local government in 1996.

Notes to the Group Financial Statements

4. ARGYLL AND BUTE INTEGRATION JOINT BOARD

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between the Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. The Council contributed £62.870 towards the Argyll and Bute Integration Joint Board in the 2021-22 financial year.

The Council and NHS Highland are required to treat the IJB as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates, Joint Ventures, Subsidiaries and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £25.568m. This gives an overall net asset position for the Group of £523.231m.

All associates and subsidiaries have prepared their accounts on a 'going concern' basis. For Strathclyde Partnership for Transport and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a Joint Committee of all Councils in the West of Scotland plus Dumfries and Galloway Council. In association with the related Structure Planning Committees, the Partnership's remit included the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Joint Transport Strategy. The Council contributed £0.409m or 1.14% of the Board's estimated net running costs during 2021-22 and accounted for £5.523m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board

This body comprises the 12 local authorities within the West of Scotland which oversees the operations of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the 12 constituent councils and direct grant funding from the Scottish Government. During 2021-22 the Council contributed £0.206m or 5.04% of the net annual running costs and accounted for £0.232m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Consort House, 12 West George Street, Glasgow G2 1HN.

Live Argyll

Live Argyll was established by Argyll and Bute Council and is limited by guarantee and was fully incorporated and commenced trading on 2 October 2017. The Trust is a charitable company registered in Scotland and provides a wide range of services within the Argyll and Bute area including libraries, leisure facilities, halls, sports development and community centres the assets of which are owned by the Council. During 2021-22 Argyll and Bute Council paid £3.938m in the form of a Management Fee to Live Argyll and reduced the overall net worth of the Group Balance Sheet by £1.495m.

The board is made up of 3 independent board members, 3 Councillors and a Trade Union representative.

Notes to the Group Financial Statements

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at Local Government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2021-22 Argyll and Bute Council contributed £1.47m towards estimated running costs and accounted for £0.032m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and will be available from the Valuation Joint Board's website [www.saa.gov.uk /dab-vjb/](http://www.saa.gov.uk/dab-vjb/) and West Dunbartonshire Council's website <https://www.west-dunbarton.gov.uk/council/performance-and-spending/service-performance/financial-performance/> from 1 July 2022.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:-

2020-21 £'m		2021-22 £'m
	Argyll and Bute Council has a 49.69% share of:	
2.898	Gross Income	2.958
0.213	Net (Surplus)/Deficit	0.245
0.640	Long Term Assets	0.674
0.897	Current Assets	0.994
(0.206)	Liabilities due within one year	(0.065)
-	Liabilities due over one year	-
(2.426)	Pension Liability	(0.507)
(1.095)	Capital and Revenue Reserves	(2.110)

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 52 to 53) for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in note 37 of the Notes to the Financial Statements on pages 122 to 123 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £9.664m.

Notes to the Group Financial Statements

8. GROUP CASH FLOW STATEMENT – OPERATING ACTIVITIES

2020-21 £'000		2021-22 £'000
(18,474)	Net (Surplus)/Deficit on Provision of Services	(21,292)
	Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:	
(14,609)	Statutory Adjustments through Statement of Movement in Reserves	(1,540)
291	Transfer to/from Other Statutory Reserves	553
1,849	Transfer Group Other Comprehensive Income and Expenditure	(5,309)
143	Increase/(Decrease) in Inventories	(45)
2,260	Increase/(Decrease) in Debtors	(2,463)
(13,143)	(Increase)/Decrease in Creditors and Provisions	3,056
(5,045)	Other Revenue Adjustments	(4,690)
(28,254)		(10,438)
	Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:	
5,063	Non Cash Capital	12,999
(2,592)	Capital Element of Finance Lease Payments	(4,844)
2,471		8,155
(44,257)	Net Cash Flows from Operating Activities	(23,575)
	The cash flows for Operating Activities include the following items:	
7,269	Interest Paid on Borrowings	7,074
2,592	Interest Paid on Finance Leases	4,844
(292)	Interest Received on Bank Deposits	(241)
9,569	Net Cash Outflow from Servicing of Finance	11,677

9. GROUP CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020-21 £'000		2021-22 £'000
17,491	Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	30,244
3,000	Investments made/(disposed of) during year	20,000
(612)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(815)
546	Net Receipts from Investment in Associates and Joint Ventures	9,358
(12,139)	Other Receipts from Investing Activities	(17,345)
8,286	Net Cash Outflow from Investing Activities	41,442

Notes to the Group Financial Statements

10. GROUP CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020-21 £'000		2021-22 £'000
(332)	Cash Receipts of Short and Long Term Borrowing	(10,184)
313	Other Receipts from Financing Activities	1,892
2,592	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	4,844
5,168	Repayments of Short and Long Term Borrowing	1,057
-	Other Payments from Financing Activities	-
7,741	Net Cash (Inflow)/Outflow from Financing Activities	(2,391)

Independent Auditor's Report

Independent auditor's report to the members of Argyll and Bute Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Argyll and Bute Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Statements of Comprehensive Income and Expenditure, Balance Sheets, Statements of Movement in Reserves, and Cash Flow Statements, notes to the financial statements, including a summary of significant accounting policies and council-only Expenditure and Funding Analysis, Council Tax Income Account, and Non-Domestic Rate Income Account. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 26 September 2022. The period of total uninterrupted appointment is one year. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of

Independent Auditor's Report

the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Section 95 Officer and Argyll and Bute Council's Audit and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Section 95 Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Section 95 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 95 Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Independent Auditor's Report

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Section 95 Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

Independent Auditor's Report

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pauline Gillen CPFA
Audit Director
Audit Scotland
4th Floor, South Suite
Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Glossary of Terms

Existing Use Value. The market value of a particular Council property, less the difference between the average rental income between public and private sector properties.

Expected Rate of Return on Pension Assets. The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the Scheme.

Fair Value. This is the price at which an asset could be exchanged in an arm's length transaction less any grants receivable towards the purchase or use of the asset.

Financial Asset. A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument. Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another.

Financial Instruments Adjustment Account. This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

Financial Liability. An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS). Financial Reporting Standards are issued by the Accounting Standard Board and define proper accounting practice for a given transaction or event.

Fixed Assets. Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

Gains/losses on settlements and curtailments. The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged or credited to Non Distributed costs in the Comprehensive Income and Expenditure Statement.

General Fund Balance. This contains the net surplus on the provision of Council services combined with any balances from previous years and any contributions to other funds or reserves made during the year.

Group Accounts. The purpose of group accounts is to show the Council's interest in organisations and companies within the Financial Statements. The Council's shares of the assets and liabilities of these other entities are shown in the Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Group Balance Sheet.

Government Grants. Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the Council.

Heritage Assets. Assets which are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations and are held by the Council of the maintenance of heritage.

International Accounting Standards (IAS). International Accounting Standards are issued by the International Accounting Standards Board and define proper accounting practice for a given transaction or event. IAS's take precedence over other accounting standards in the hierarchy of technical accounting standards.

International Public Sector Accounting Standards (IPSAS), a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Impairment. A reduction in the value of fixed or financial asset below the valuation held on the balance sheet.

Infrastructure Assets. Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets. Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions). The expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories. Inventories may comprise the following: goods or other assets purchased for re-sale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances; and finished goods.

Liquid Resources. Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded on the active market.

Glossary of Terms

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

National Non-Domestic Rates Pool. All non-domestic rates collected by Council's are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

Net Book Value. The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

Net Realisable Value. The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.

Non-Current Assets. Non-current assets are not expected to be realised within 12 months and are held to provide future economic benefits to the Council.

Non-operational assets. Are assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration. All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax).

Operating Leases. A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets. All items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions). The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensions Reserve. The Pensions Reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Prior Period Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP). Those partnerships enable the Council to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the building or refurbishment of the assets.

Residual Value. The net realisable value of an asset at the end of its useful life.

Related Party Transactions. A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Renewal and Repairs fund. This contains funds credited at the Council's discretion from the General Fund and is available for use on capital or revenue expenditure on Council assets.

Revaluation Reserve. Records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales.

Service Expenditure Analysis (SEA). An analysis which groups together expenditure on services within headings or divisions as defined in the Service Reporting Code of Practice (SeRCOP).

Specific Government Grants. These are grants received from Central Government in respect of a specific purpose or service.

Unusable Reserves. Those reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences.

Usable Reserve. Those reserves which the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Useful Life. The period over which the Council will derive benefits from the use of a fixed asset.

Trade Union Facility Time Statement 2021-22

This information is published under the Trade Union (Facility Time Publication Requirements) Regulations 2017

Schedule 2 (Regulation 8)

Table 1: Relevant Union Officials

Total number of employees who were relevant union officials during the relevant period.

Number of employees who were relevant union officials during the relevant period		Full time equivalent employee number
Central Function	18	17.4
Education Function	8	7.8

Note: The headcount figure for relevant union officials includes all stewards and school based reps who are elected by their peers to provide first line support for members.

Table 2: Percentage of Time Spent on Facility Time

Number of employees who were relevant union officials employed during the relevant period who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of time	Number of employees	
	Central Function	Education Function
0%	0	5
1% - 50%	17	2
51% - 99%	1	0
100%	0	1

Table 3: Percentage of Pay Bill Spent on Facility Time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	Central Function	Education Function
The total cost of facility time	£119,964	£64,715
The total pay bill	£106,970,507	£52,279,467
The percentage of the total pay bill spent on facility time	0.11%	0.12%

Table 4: Paid Trade Union Activities

Percentage of total paid facility time hours spent by employees who were relevant union officials during the relevant period on paid trade union activities.

	Central Function	Education Function
Time spent on paid trade union activities as percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%	0%

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



AUDITED

Annual Report and Financial Statements
2021-2022

For the Year ended 31 March 2022

SC019599	McCaig Trust
SC019607	Marquess of Bute Silver Wedding Dowry
SC013578	Baillie Gillies Bequest
SC013600	Kidston Park Trust
SC018697	Miss Annie Dickson Bequest
SC018698	Logie Baird Prize Fund
SC020382	Argyll Education Trust
SC021328	Oban Common Good

Argyll and Bute Council

Comhairle Earra Ghàidheal agus Bhòid



McCaig Trust

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

McCaig Trust
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McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2022



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	McCaig Trust
Scottish Charity Number:	SC019599
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 21) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid Councillor Elaine Robertson



Current Trustees continued:	Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA,CPFA,ACIBS Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The town council shall in the building proposed to be erected by them at Corran Parks, Oban, accommodation for the McCaig Memorial Institute including accommodation for a reference library, lending library, reading room and museum and shall equip and furnish said accommodation all to the satisfaction of the governing body.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Charity at no cost to the Trust.

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the Charity. In this way, the income stream for the future benefit of the charity is protected.

The Section 95 Officer of the Council is responsible for securing the proper management of the investments of the Charity. The day-to-day management of investments is performed by external investment managers under a discretionary agreement.

OBJECTIVES AND ACTIVITIES

The object of the fund is to contribute towards the cost of a library and institute in Oban.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there was one grant awarded of £803 (2020-21 – £1,288).

FINANCIAL REVIEW

Investments and Reserves

The funds decreased by £701 (2020-21 decreased by £1,170). The reserves of the trust at 31 March 2022 amount to £81,783, £46,645 in unrestricted (revenue) funds and £35,138 in endowment (capital) funds. These funds are invested as follows:

	31 March 2021	31 March 2022
	£	£
Local Government Bonds	7,600	7,600
Investments in Endowment Funds	7,600	7,600
Debtor Barclays Wealth Undistributed income	-	-
Cash and Bank - Argyll & Bute Council	74,884	74,183
	82,484	81,783
Current Assets in Restricted Funds	35,138	35,138
Current Assets in Unrestricted Funds	47,346	46,645
Total Funds	82,484	81,783

Over the year, the value of investments remained at £7,600 and £74,183 was invested in the Councils loans fund.

The change in cash balances from £74,884 to £74,183 is due to investment income receivable of £102 offset by grants paid out of £803.

Reserves Policy

Unrestricted free reserves at 31 March 2022 were £46,645. The Trust has no explicit reserves policy, but the endowment funds of the Charity are held for capital growth and to provide an annual income. Income only from the investments may be distributed on an annual basis to ensure that the original funds grow over time. No specific targets have been set for either the endowment or unrestricted funds. Any unspent income is held in the unrestricted funds.

Income and Expenditure

The Statement of Financial Activities on page 7 provides an analysis of the income and expenditure for the twelve months to 31 March 2022.

Income for the year amounted to £102 (2020-21 - £118). £7 (2020-21 - £0) came from deposits with Argyll and Bute Council and £95 (2020-21 - £118) from Local Bond interest.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates on a reasonable basis;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

CONCLUSION

The reserves of the Charity decreased by £701 in the year.

The trust made 1 award during the year.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2022



DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA,CPFA,ACIBS

Honorary Treasurer

Independent auditor's report to the trustees of the McCaig Trust and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the McCaig Trust for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

McCaig Trust
Statement of Financial Activities



STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDING 31 MARCH 2022

	Note	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income from managed funds	5	118	95	-	95
Interest from short-term deposits		-	7	-	7
Donated Services (Audit)	6	41	45		45
Total Incoming Resources		159	147	-	147
RESOURCES EXPENDED					
Audit fee	6	41	45	-	45
Charitable Activities:					
Grants awarded	7	1,288	803	-	803
Total Resources Expended		1,329	848	-	848
Net Incoming/(Outgoing) Resources before Other Recognised Gains/(Losses)		(1,170)	(701)	-	(701)
Total funds brought forward	10	83,654	47,346	35,138	82,484
Total funds carried forward		82,484	46,645	35,138	81,783

All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 15 form an integral part of these financial statements.

McCaig Trust

Balance Sheet as at 31 March 2022



BALANCE SHEET AS AT 31 MARCH 2022

	Note	Unrestricted Funds	Permanent Endowment Funds	2021	Unrestricted Funds	Permanent Endowment Funds	2022
		£	£	£	£	£	£
Fixed Assets							
Investments	8	-	7,600	7,600	-	7,600	7,600
Total Fixed Assets		-	7,600	7,600	-	7,600	7,600
Current Assets							
Cash at Bank and at Hand	9	47,346	27,538	74,884	46,645	27,538	74,183
Total Current Assets		47,346	27,538	74,884	46,645	27,538	74,183
Total Assets		47,346	35,138	82,484	46,645	35,138	81,783
Funds of the Charity							
Unrestricted Funds		47,346	-	47,346	46,645	-	46,645
Endowment Funds		-	35,138	35,138	-	35,138	35,138
Total Charity Funds		47,346	35,138	82,484	46,645	35,138	81,783

The notes on pages 13 to 15 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

1. Basis of Preparation

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with:

- a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2019 - 2nd Edition); and the Financial Reporting Standard for Smaller Entities FRS102
- b) The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Accounting Policies

2.1. Form of Financial Statements

- a) Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity.
- b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

2.2 Incoming Resources

- a) All incoming resources are recognised and included in the Statement of Financial Activities when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources and the monetary value can be measured with sufficient reliability. The following specific policies are applied to particular categories of income.
- b) Income from investments is included in the year to which it relates.
- c) Investments gains and losses includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.
- d) The value of the services provided free of charge by Argyll and Bute Council has not been included in the accounts but is described in the trustees' annual report.

2.3 Resources Expended

- a) All expenditure is included in the Statement of Financial Activities on an accrual basis and is recognised when there is a legal or constructive obligation to pay out resources.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

- (a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).
- (b) The trust received interest of £7 (2020-21 £0) from Argyll & Bute Council on unrestricted reserves placed on short-term deposit with them and also local bond interest of £95 (2020-21 - £118). All transactions incoming and outgoing are made via the Council's accounts.
- (c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 - £0).

5. Investment Income

	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Fund £	Total Funds 2022 £
Income from Local Government Bond	118	95	-	95
Interest on Short-term deposits with Argyll and Bute Council	-	7	-	7
Total Investment Income	118	102	-	102

6. Audit Fees

The independent auditor's fee is a donated service amounting to £45 (2020-21 – £41).

7. Grants Awarded

In the year to 31 March 2021, there was one grant awarded of £803 (2020-21 – £1,288).

8. Fixed Asset Investments

	£
Carrying (market) value at 1 April 2021	7,600
Add: additions to investments at cost	-
Add/(deduct): net gain/loss on revaluation	
Add/(deduct): change in uninvested cash balance in Capital Account	-
Deduct sales proceeds	
Carrying (market) value at 31 March 2022	7,600
Analysis of Investments	
Investments listed on recognised stock exchange	-
Local Government Bonds	7,600
Cash held as part of the investment portfolio	-
Total	7,600

McCaig Trust
Notes to the Financial Statements



The charity holds two three-year fixed term deposit local bonds from Argyll and Bute Council, one for £600 with a rate of 0.61% repayable on 31st March 2024, and the other for £7,000 with a rate of 1.04% repayable on 30th September 2024 in a continuation of historic practice.

An analysis of the net assets between funds for current and comparative figures is provided in the balance sheet.

9. Cash and Bank Balances

	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds £
Short-term deposits with Argyll and Bute Council:			
Carrying value at 1 April 2021	47,346	27,538	74,884
Add: lodgements during year	102	-	102
(Less): withdrawals during year	(803)	-	(803)
Cash and Bank at 31 March 2022	46,645	27,538	74,183

During the year the above short term deposits were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. No costs were incurred by the trust for this work. The balances are repayable on demand. Interest is payable on balances.

10. Movement in Funds

	At 1 April 2021 £	Incoming Resources £	Outgoing Resources	Gains/ Losses £	At 31 March 2022 £
Unrestricted Revenue Funds	47,346	147	(848)	-	46,645
Permanent Endowment Funds	35,138	-	-	-	35,138
Total Funds	82,484	147	(848)	0	81,783

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Marquess of Bute Silver Wedding Dowry

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

**Marquess of Bute Silver Wedding Dowry
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Marquess of Bute Silver Wedding Dowry**Trustees' Annual Report – For the Year ended 31 March 2022**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Marquess of Bute Silver Wedding Dowry
Charity Number:	SC019607
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (Resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid

Marquess of Bute Silver Wedding Dowry**Trustees' Annual Report – For the Year ended 31 March 2022**

Current Trustees continued:	Councillor Elaine Robertson Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA,CPFA,ACIBS Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

£1,000 was given by John Patrick Crichton-Stuart, 3rd Marquess of Bute, on 12 April 1897 (the date of his silver wedding) to Rothesay Town Council. Noted in the Rothesay Town Council Minutes 12th April 1897 and 10th May 1897.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of Charities. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Charity.



Marquess of Bute Silver Wedding Dowry

Trustees' Annual Report – For the Year ended 31 March 2022

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. There are two local bonds with a total of £2,400 (see note 7). For the balance of the funds the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is to provide a donation to one or two girls from the poorer classes on their wedding.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there were no grants awarded. (20-21 – £500).

FINANCIAL REVIEW

Overview

No grants were awarded during 2021-22 (2020-21 - £500). Income during 2021-22 came from interest from deposits with Argyll and Bute Council of £5 (2020-21 - £0) and local bond interest of £30 (2020-21 - £31). The Charity held cash and bank of £7,269 as at 31 March 2022 (2020-21 - £7,234) and local bonds totalling £2,400 (2020-21 - £2,400).

Reserves Policy

The unrestricted free reserves at the financial year-end were £6,269 (2020-21 £6,234). This includes cash and bank only repayable on demand. The Charity has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the Charity.

CONCLUSION

The charity made no grant awards during 2021-22 (20-21 – £500).

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

Marquess of Bute Silver Wedding Dowry

Trustees' Annual Report – For the Year ended 31 March 2022



DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Marquess of Bute Silver Wedding Dowry

Independent Auditor's Report – For the Year ended 31 March 2022



Independent auditor's report to the trustees of the Marquess of Bute Silver Wedding Dowry and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Marquess of Bute Silver Wedding Dowry for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

Marquess of Bute Silver Wedding Dowry**Independent Auditor's Report – For the Year ended 31 March 2022**

influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.



Marquess of Bute Silver Wedding Dowry

Independent Auditor's Report – For the Year ended 31 March 2022

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA

Senior Audit Manager Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

**Marquess of Bute Silver Wedding Dowry
Statement of Receipts and Payments – For the Year ended March 2022**



Receipts and Payments Account for the Year Ended 31 March 2022

	<i>Note</i>	2021 £	Unrestricted Funds £	Permanent Endowment Funds £	2022 £
RECEIPTS					
Income from investments other than land and buildings	4	31	35	-	35
Donated Services (Audit)	8	5	5	-	5
Total Receipts		36	40	-	40
PAYMENTS					
Charitable Activities - Grants and donations	5	500		-	-
Audit Fee	8	5	5		5
Total Payments		505	5	-	5
Surplus / (Deficit) for Year		(469)	35	-	35

All income in 2021-22 and 2020-21 relate to unrestricted funds.

The notes on page 11 form an integral part of these financial statements

Marquess of Bute Silver Wedding Dowry
Statement of Balances as at 31 March 2022



Statement of Balances as at 31 March 2022

	Note	Unrestricted Funds	Permanent Endowment Funds	2021	Unrestricted Funds	Permanent Endowment Funds	2022
		£	£	£	£	£	£
Cash and Bank Balances	6						
Opening Balances		6,703	1,000	7,703	6,234	1,000	7,234
Surplus for year		(469)	-	(469)	35	-	35
Closing Balances		6,234	1,000	7,234	6,269	1,000	7,269
Investments	7						
Market value		2,400	-	2,400	2,400	-	2,400
Cost		2,400	-	2,400	2,400	-	2,400

The notes on page 11 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer



Marquess of Bute Silver Wedding Dowry

Notes to Financial Statements

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The statements are prepared on a going concern basis.

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The Charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).

(b) The Charity received interest of £5 (2020-21 - Nil) from Argyll and Bute Council and also local bond interest of £30 (2020-21 - £31). All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 - £0).

5. Grants

In the year to 31 March 2022 no grants were awarded, (20-21 – £500).

6. Cash and Bank Balances

During the year the Charity's balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the Charity for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Investments

The charity holds two three-year fixed term deposit local bonds from Argyll and Bute Council, one for £2,000 with a rate of 1.99% repayable on 31 March 2025, and the other for £400 with a rate of 0.89% repayable on 30 September 2024 in a continuation of historic practice.

8. Audit Fees.

The independent auditor's fee is a donated service amounting to £5 (2020-21 – £5).

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Baillie Gillies Bequest

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

**Baillie Gillies Bequest
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Baillie Gillies Bequest**Trustees' Annual Report – For the Year ended 31 March 2022**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Baillie Gillies Bequest
Charity Number:	SC013578
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman

Baillie Gillies Bequest**Trustees' Annual Report – For the Year ended 31 March 2022**

Current Trustees continued:	Councillor Alan Reid Councillor Elaine Robertson Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA, CPFA, ACIBS Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Documents**

The charity was 'inherited' from Bute County Council. William Gillies, Cooper and Fish curer in Rothesay, and at some time a Baillie and Chief Magistrate of that Burgh, bequeathed £200 for the benefit of the poor of Rothesay. He was elected to the Town Council in 1812 and retired in 1835.

Mrs Margaret Stevenson, or Lochhead, died circa 1947. Bequest of £50 to Rothesay Town Council, the income of which is to provide coals for the deserving poor of the Burgh.

Archibald Brown, Clerk in the Bute Savings Bank Rothesay, died 1903. Will confirmed and recorded in 1903, detailing bequest of £100. The interest to be divided annually at Candlemas among the deserving old and infirm poor of Rothesay.

James Duncan, Merchant in Valparaiso, Chile, thereafter residing in Rothesay died in 1874. He bequeathed £2,000 to Rothesay Town Council. Noted in the Minute Book of the Charity, 1875-1894 in the District Archives. The income was to be distributed half yearly to 10 older women of good character and honest repute, over 60 years of age and not in parochial relief, whose parents as well as themselves have been born in Rothesay or the Island of Bute.

Misses Gibson, Ardmory, Rothesay. Janet Gibson died in 1893 her will was confirmed and recorded in 1894 with a bequest of £200 to the Minister of the Parish of Rothesay and to Rothesay Town Council. The interest was to be paid out at Candlemas to the most deserving of the poor and each recipient was to get 25 pence.

Mrs Ann Taylor, or Jackson, residing at Easterhouse, Baillieston, died 1892 and her will was confirmed and recorded 1892. She made a bequest of £100, the annual income of which was to be expended from

Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2022

time to time providing coals for the poor persons of the name Taylor residing in Rothesay and who were born in Skipness (Kintyre) or Rothesay. Minute Book of the Bequest 1892-94 in District Archives.

Annie McMillan - Minutes of Rothesay Town Council 28th November 1947, a bequest of £100 to Rothesay Town Council to provide coals for the deserving poor of Rothesay.

Jane Paterson of Whinny Brae, Rothesay, died 1902. Will confirmed and recorded in 1903 with a bequest of £300 made to Rothesay Town Council. The income from the bequest was to be divided at Candlemas among the old and infirm poor of Rothesay.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Charity.

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council and receive interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objectives of the various funds that make up the Baillie Gillies fund are as follows:

- Baillie Gillies Bequest - Prevention and relief of poverty in Rothesay.
- Margaret Lochhead Bequest - Prevention and relief of poverty in Rothesay through grants to individuals for purchase of coals.
- Archibald Brown Bequest - The interest is to be divided annually at Candlemas among the deserving old and infirm poor of Rothesay.



Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2022

- James Duncan Bequest - Prevention and relief of poverty in Rothesay through distribution to ten old women whose parents as well as themselves were born in Rothesay
- Janet Gibson Bequest - Prevention and relief of poverty in Rothesay.
- Ann Jackson Bequest - Prevention and relief of poverty in Rothesay, by providing coals for poor persons of the name Taylor residing in Rothesay who were born in Skipness (Kintyre) or Rothesay.
- Annie McMillan Bequest - Prevention and relief of poverty in Rothesay through grants to individuals for coal.
- Jane Paterson Bequest - The objective of the fund is for the prevention and relief of poverty in Rothesay.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there were no grants made (20-21 – £0).

FINANCIAL REVIEW

Overview

The Charity is dormant. The only source of income during 2021-22 came from interest from deposits with Argyll and Bute Council of £1 (2020-21 - £1) and Local Bond Interest £1 (2020-21 - £1). The trust held cash at bank of £9,991 as at 31 March 2021 (2020-21 - £9,989).

Reserves Policy

The unrestricted free reserves in cash at bank at the financial year-end were £6,941 (2020-21 - £6,939). The Charity has no explicit reserves policy, but the “capital” of the fund (as identified from the governing document or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

CONCLUSION

The charity did not undertake any activities during the year.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Baillie Gillies Bequest

Independent Auditor's Report – For the Year ended 31 March 2022

Independent auditor's report to the trustees of the Baillie Gillies Bequest and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Baillie Gillies Bequest for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given

Baillie Gillies Bequest**Independent Auditor's Report – For the Year ended 31 March 2022**

in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA

Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Receipts and Payments Account for the Year Ended 31 March 2022

	<i>Note</i>	2021 £	Unrestricted Funds £	Permanent Endowment Funds £	2022 £
RECEIPTS					
Income from investments other than land and buildings	4	1	2	-	2
Donated Services (Audit)	8	5	5	-	5
Total Receipts		6	7	-	7
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Audit Fee	8	5	5	-	5
Total Payments		5	5	-	5
Surplus / (Deficit) for Year		1	2	-	2

All income in 2021-22 and 2020-21 relates to unrestricted funds.

The notes on page 12 form an integral part of these financial statements.

Baillie Gillies Bequest

Statement of Balances at 31 March 2022



Statement of Balances as at 31 March 2022

	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
Cash and Bank Balances	6						
Opening Balances		6,938	3,050	9,988	6,939	3,050	9,989
Surplus for year		1	-	1	2	-	2
Closing Balances		6,939	3,050	9,989	6,941	3,050	9,991
Investments	7						
Market value		50	-	50	50	-	50
Cost		50	-	50	50	-	50

The notes on page 12 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Baillie Gillies Bequest

Notes to the Financial Statements

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The statements are prepared on a going concern basis.

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the Charity.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).

(b) The Charity received interest from deposits with Argyll and Bute Council of £1 (2020-21 - Nil) and Local Bond Interest of £1 (2020-21 £1). All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 - £0).

5. Grants

In the year to 31 March 2022, there were no grants made (20-21 – £0).

6. Cash and Bank Balances

During the year the Charity's balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Investments

The charity holds a three-year fixed term deposit £50 local bond from Argyll and Bute Council, repayable on 30 September 2024. The rate of interest is 0.89%. This is a continuation of historic practice.

8. Audit Fees

The independent auditor's fee is a donated service amounting to £5 (2020-21 – £5).

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Kidston Park Trust

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

Scottish Charity Number SC013600

Kidston Park Trust
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Kidston Park Trust**Trustees' Annual Report – For the Year ended 31 March 2022**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Kidston Park Trust
Charity Number:	SC013600
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid

Kidston Park Trust**Trustees' Annual Report – For the Year ended 31 March 2022**

Current Trustees continued:	Councillor Elaine Robertson Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA, CPFA, ACIBS Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

A bequest of £1,000 was made by William Kidston towards the upkeep of Kidston Park (formerly Cairndow or Cairndhu Park) in April 1889. It was noted in the minutes of a meeting of the Town Council of the Burgh of Helensburgh.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of Charity funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Charity.

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that systems are in place to mitigate the exposure to the major risks.

**Management of Funds and Investment Policy**

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. The charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is to provide a public park, or recreation ground for the inhabitants of Helensburgh and for the purposes of boating and bathing in the Gareloch.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, the trust spent no funds on the upkeep of the park (20-21 - £110)

FINANCIAL REVIEW**Overview**

Income during 2021-22 came from interest from deposits with Argyll and Bute Council of £1 (2020-21 - nil). The trust held cash and bank of £3,599 as at 31 March 2022 (2020-21 - £3,598).

Reserves Policy

The unrestricted free reserves at the financial year-end were £2,599 (2020-21 - £2,598). This includes cash and bank only repayable on demand. The Charity has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the Charity.

CONCLUSION

The reserves of the Charity increased by £1 in the year.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

Kidston Park Trust

Trustees' Annual Report – For the Year ended 31 March 2022



DECLARATION

Approved and authorised for issue by the trustees on 24th November and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Independent auditor's report to the trustees of the Kidston Park Trust and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Kidston Park Trust for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

Kidston Park Trust**Independent Auditor's Report – For the Year ended 31 March 2022**

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA

Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Receipts and Payments Account for the Year Ended 31 March 2022

	<i>Note</i>	2021	Unrestricted Funds	Permanent Endowment Funds	2022
		£	£	£	£
RECEIPTS					
Income from investments other than land and buildings	4	-	1	-	1
Donated Services (Audit)	7	2	2	-	2
Total Receipts		2	3	-	3
PAYMENTS					
Charitable Activities - Grants and donations	5	110	-	-	-
Audit Fee	7	2	2	-	2
Total Payments		112	2	-	2
Surplus / (Deficit) for Year		(110)	1	-	1

All income in 2021-22 and 2020-21 relates to unrestricted funds.

The notes on page 12 form an integral part of these accounts.

Kidston Park Trust

Statement of Balances as at 31 March 2022



Statement of Balances as at 31 March 2022

	<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
Cash and Bank Balances	6						
Opening Balances		2,708	1,000	3,708	2,598	1,000	3,598
Surplus for year		(110)	-	(110)	1	-	1
Closing Balances		2,598	1,000	3,598	2,599	1,000	3,599

The notes on page 12 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

**1. Basis of Accounting**

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The statements are prepared on a going concern basis.

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the Charity.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).

(b) The trust received interest of £1 (2020-21 - £0) from deposits with Argyll and Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 - £0)

5. Grants / Expenditure on Charitable Activities

In the year to 31 March 2022, there was no expenditure by the trust (2020-21 - £110).

6. Cash and Bank Balances

During the year the Charity balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Audit Fees

The independent auditor's fee is a donated service amounting to £2 (2020-21 – £2).

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Miss Annie Dickson Burgh Bequest

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

Miss Annie Dickson Burgh Bequest Contents



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Miss Annie Dickson Burgh Bequest

Trustees' Annual Report – For the Year ended 31 March 2022

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2021.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Miss Annie Dickson Burgh Bequest
Charity Number:	SC018697
Principal Office:	Argyll and Bute Council Kilmory Lochgilthead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid Councillor Elaine Robertson

Miss Annie Dickson Burgh Bequest**Trustees' Annual Report – For the Year ended 31 March 2022**

Current Trustees continued:	Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA, CPFA, ACIBS Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Documents**

A bequest by Miss Mary Ann Dickson dated 4th April, 1927 to the Town Council of the Burgh of Helensburgh. Noted in an Excerpt from Copy Will and Codicils.

Miss LA Colvil's bequest - A Legacy of £200 was passed by Mr J Percival Agnew to the Town Council to perpetuate his cousin's name in Helensburgh by means of a fund for necessitous cases. Noted in the minutes of a meeting of the Finance Committee of Helensburgh Town Council on 22nd December 1969.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of charity funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the charity.

Miss Annie Dickson Burgh Bequest

Trustees' Annual Report – For the Year ended 31 March 2022

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. The funds of the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is for the relief of distress in the Burgh of Helensburgh.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there were no grants made (2020-21 – £0).

FINANCIAL REVIEW

Overview

The charity is dormant. There was no income from deposits with Argyll and Bute Council during 2021-22 (2020-21 - £0). The trust held cash and bank of £4,201 as at 31 March 2021 (2020-21 - £4,201).

Reserves Policy

The unrestricted free reserves at the financial year-end were £1,253 (2020-21 - £1,253). This includes cash and bank only repayable on demand. The charity has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

CONCLUSION

The charity did not undertake any activities during the year.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

Miss Annie Dickson Burgh Bequest

Trustees' Annual Report – For the Year ended 31 March 2022



DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Miss Annie Dickson Burgh Bequest**Independent Auditor's Report – For the Year ended 31 March 2022****Independent auditor's report to the trustees of the Miss Annie Dickson Burgh Bequest and the Accounts Commission****Reporting on the audit of the financial statements****Opinion on financial statements**

I certify that I have audited the financial statements in the statement of accounts of the Miss Annie Dickson Burgh Bequest for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a

Miss Annie Dickson Burgh Bequest

Independent Auditor's Report – For the Year ended 31 March 2022

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Miss Annie Dickson Burgh Bequest**Independent Auditor's Report – For the Year ended 31 March 2022****Opinion prescribed by the Accounts Commission on the Trustees' Annual Report**

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA

Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Miss Annie Dickson Burgh Bequest

Statement of Receipts and Payments – For the Year ended March 2022



Receipts and Payments Account for the Year Ended 31 March 2022

	Note	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
RECEIPTS					
Donated Services (Audit)	6	2	2	-	2
Total Receipts		2	2	-	2
PAYMENTS					
Audit Fee	6	2	2	-	2
Total Payments		2	2	-	2
Surplus / (Deficit) for Year		-	-	-	-

All income in 2020-21 and 2021-22 relates to unrestricted funds.

The notes on page 12 form an integral part of these financial statements.

Miss Annie Dickson Burgh Bequest
Statement of Balances as at 31 March 2022



Statement of Balances as at 31 March 2022

	<i>Note</i>	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2021	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2022
		£	£	£	£	£	£
Cash and Bank Balances	5						
Opening Balances		1,253	2,948	4,201	1,253	2,948	4,201
Closing Balances		1,253	2,948	4,201	1,253	2,948	4,201

The notes on page 12 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIBS

Honorary Treasurer

Miss Annie Dickson Burgh Bequest

Notes to the Financial Statements

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The statements are prepared on a going concern basis.

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the charity.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).

(b) The trust received interest of £0 (2020-21 - £0) from deposits with Argyll & Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 £0).

5. Cash and Bank Balances

During the year the charities balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

6. Audit Fees

The independent auditor's fee is a donated service amounting to £2 (2020-21 – £2).

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Logie Baird Prize Fund

AUDITED

Annual Report and Financial Statements

2021-2022

For the Year ended 31 March 2022

**Logie Baird Prize Fund
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Logie Baird Prize Fund**Trustees' Annual Report – For the Year ended 31 March 2022**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Logie Baird Prize Fund
Charity Number:	SC018698
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8TL
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid

Logie Baird Prize Fund**Trustees' Annual Report – For the Year ended 31 March 2022**

Current Trustees continued:	Councillor Elaine Robertson Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA, CPFA, ACIB Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

Ex-Bailie J. Arnold Fleming of Locksley, Helensburgh, invested the sum of £200 in the names of the Provost, Magistrates and Councillors of the Burgh of Helensburgh, for the Logie Baird Prize Fund. Noted in the minutes of the Town Council of Helensburgh, January 1956.

Appointment of Trustees

The trustees of the charities are the elected members (Councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the Council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of Charity funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Charity.

Logie Baird Prize Fund

Trustees' Annual Report – For the Year ended 31 March 2022

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council and receive interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is for the advancement of education by providing an annual prize to a pupil at Hermitage Academy, Helensburgh.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there was one grant awarded of £30 (20-21 – £0).

FINANCIAL REVIEW

Overview

There was no income to the charity during the year (2020-21 £0). The Charity had cash and bank of £1,914 as at 31 March 2022 (2020-21 - £1,944).

Reserves Policy

The unrestricted free reserves in cash and bank at the financial year-end were £1,714 (2020-21 - £1,744). The Charity has no explicit reserves policy, but the "capital" of the fund (as identified from the governing document or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the Charity.

CONCLUSION

The charity did not undertake any activities during the year.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973. The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

Logie Baird Prize Fund

Trustees' Annual Report – For the Year ended 31 March 2022



DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIB

Honorary Treasurer

Logie Baird Prize Fund

Independent Auditor's Report – For the Year ended 31 March 2022

Independent auditor's report to the trustees of the Logie Baird Prize Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Logie Baird Prize Fund for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

Logie Baird Prize Fund**Independent Auditor's Report – For the Year ended 31 March 2022**

influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit the information given

Logie Baird Prize Fund**Independent Auditor's Report – For the Year ended 31 March 2022**

in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Logie Baird Prize Fund

Statement of Receipts and Payments – For the Year ended March 2022



Receipts and Payments Account for the Year Ended 31 March 2022

	Note	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
RECEIPTS					
Income from investments other than land and buildings	4	-	-	-	-
Donated Services (Audit)	6	1	1	-	1
Total Receipts		1	1	-	1
PAYMENTS					
Charitable Activities - Grants and donations		-	30	-	30
Audit Fee	6	1	1	-	1
Total Payments		1	31	-	31
Surplus / (Deficit) for Year		-	(30)	-	(30)

All income in 2020-21 and 2021-22 relates to unrestricted funds.

The notes on page 12 form an integral part of these financial statements.

Logie Baird Prize Fund

Statement of Balances as at 31 March 2022



Statement of Balances as at 31 March 2022

	<i>Note</i>	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2021	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2022
		£	£	£	£	£	£
Cash and Bank Balances	5						
Opening Balances		1,744	200	1,944	1,744	200	1,944
Surplus for year		-	-	11	(30)	-	(30)
Closing Balances		1,744	200	1,944	1,714	200	1,914

The notes on page 12 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIB

Honorary Treasurer

Logie Baird Prize Fund

Notes to the Financial Statements

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The statements are prepared on a going concern basis.

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).

(b) The Charity received interest of £0 (2020-21 - £0) from Argyll and Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21- £0).

5. Grants

In the year to 31 March 2022, there was one grant awarded of £30 (20-21 – £0).

6. Cash and Bank Balances

During the year the Charity balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the Charity for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Audit Fees

The independent auditor's fee is a donated service amounting to £1 (2020-21 – £1).

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



**County of Argyll Educational Trust
Scheme, 1960**

AUDITED

**Annual Report and Financial Statements
2021-2022**

For the Year ended 31 March 2022

County of Argyll Educational Trust Scheme, 1960
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County of Argyll Educational Trust Scheme, 1960

Trustees' Annual Report – For the Year ended 31 March 2022



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2022.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	County of Argyll Educational Trust Scheme, 1960
Scottish Charity Number:	SC020382
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor James Anderson Councillor John Armour Councillor William Gordon Blair Councillor Paul Collins (from Jan 2022) Councillor Rory Colville Councillor Robin Currie Councillor Mary-Jean Devon Councillor Lorna Douglas Councillor James Findlay Councillor Audrey Forrest Councillor George Freeman Councillor Bobby Good Councillor Kieron Green Councillor Graham Archibald Hardie Councillor Anne Horn Councillor Donald Kelly Councillor David Kinniburgh Councillor James Lynch Councillor Donald MacMillan Councillor Liz McCabe Councillor Roderick Mccuish Councillor James McGrigor Councillor Julie McKenzie Councillor Yvonne McNeilly Councillor Jean Moffat Councillor Barbara Morgan (resigned Oct 2021) Councillor Aileen Morton Councillor Gary Mulvaney Councillor Iain Paterson Councillor Gemma Penfold Councillor Douglas Philand Councillor Alastair Redman Councillor Alan Reid Councillor Elaine Robertson

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2022



Current Trustees continued:	Councillor Alexander Taylor Councillor Richard Trail Councillor Andrew Vennard
Honorary Secretary:	Douglas Hendry Executive Director Argyll and Bute Council
Honorary Treasurer:	Kirsty Flanagan FCCA, CPFA, ACIB Section 95 Officer Argyll and Bute Council
Independent Auditor:	Kyle McAulay CA Senior Audit Manager 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Trust is a scheme under the Education (Scotland) Acts, 1939 to 1956, for the future government and management of certain educational endowments in the County of Argyll. Formed by the amalgamation of fourteen individual endowments and approved by His Late Majesty King George V in Council on 24th July, 1933.

Robert MacFie of Airds and Oban, Sugar Refiner in Liverpool, died 1899. His will confirmed and recorded in 1899 a bequest of £150.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the Annual General Meeting (AGM) to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2022



Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust at no cost to the trust.

Risk Management

The Section 95 Officer of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. The investment approach is a moderate risk tolerance with a balanced portfolio to achieve the primary objectives of capital growth and income for awards. In this way, the capital and income stream for the future benefit of the trust is protected.

The Section 95 Officer of the Council is responsible for securing the proper management of the investments of the trust. The day-to-day management of investments is performed by an external firm of stockbrokers under a discretionary agreement.

OBJECTIVES AND ACTIVITIES

The objective of the fund is for the advancement of education for children and young people within the former County of Argyll. This objective is met by the issuing of grants to individuals and organisations.

Robert MacFie - The objective of the fund is for the advancement of education by providing a gold Dux medal to Oban High School.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2022, there were 17 grants made to individuals across Argyll totalling £2,850 (2020-21 - 29 grants - £4,350).

FINANCIAL REVIEW

Investments and Reserves

The funds increased by £50,309 (2020-21 increased by £87,440). The increase was due to a gain on the revaluation of the investment assets and interest received less grants paid out. The reserves of the trust at 31 March 2022 amount to £675,837; £178,437 in unrestricted funds and £497,400 in permanent endowment funds. These funds are held as follows:

	31 March 2021	31 March 2022
	£	£
COIF Charities Investment Fund	457,884	497,400
Cash and Bank - Argyll & Bute Council	167,644	178,437
Total Assets	625,528	675,837
Current Assets in Restricted Funds	457,884	497,400
Current Assets in Unrestricted Funds	167,644	178,437
Total Funds	625,528	675,837



Over the year, the value of investments increased by £39,516 from £457,884 to £497,400. The Charities original investment fund (COIF) valuation at 31 March 2022 was 25,542.41 units held with a unit value of 1,947.35 pence.

The increase in cash and bank from £167,644 to £178,437 is due to investment income received of £13,643, less grants awarded of £2,850.

Reserves Policy

Unrestricted free reserves at 31 March 2022 were £178,437. The Trust has no explicit reserves policy, but the “capital” of the trust is held effectively as a permanent endowment for capital growth and to provide an annual income. Income only from the investments may be distributed on an annual basis to ensure that the original funds grow over time. No specific targets have been set. Any unspent income net of all expenses is held in the unrestricted funds and is available for the objectives of the trust.

Income and Expenditure

The Statement of Financial Activities on page 8 provides an analysis of the income and expenditure for the twelve months to 31 March 2022.

Income for the year amounted to £13,643 (2020-21 - £13,374). Expenditure was incurred on grants awarded of £2,850 (2020-21 - £4,350). There was a gain of £39,516 in 2021-22 for changes in the market value of investments (a gain in 2020-21 of £78,416). The Charities original investment fund (COIF) valuation at 31 March 2021 was 25,542.41 units held with a unit value of 1,947.35 pence (31 March 2021 – 1,792.64).

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

CONCLUSION

The reserves of the trust increased by £50,309 which was due to investment revaluation and Interest received. The trust made 17 awards with total value of £2,850 and the trust is well placed to continue to deliver its charitable objects for the foreseeable future.

Since 2013-14 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2022



The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIB

Honorary Treasurer

County of Argyll Educational Trust Scheme, 1960
Independent Auditor's Report – For the Year ended 31 March 2022



Independent auditor's report to the trustees of the County of Argyll Educational Trust Scheme, 1960 and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the County of Argyll Educational Trust Scheme, 1960 for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.



Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is

County of Argyll Educational Trust Scheme, 1960**Independent Auditor's Report – For the Year ended 31 March 2022**

located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements**Other information**

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

County of Argyll Educational Trust Scheme, 1960

Independent Auditor's Report – For the Year ended 31 March 2022



Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA

Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

County of Argyll Educational Trust Scheme, 1960
Statement of Financial Activities – for the Year ended March 2022



STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDING MARCH 2022

	Note	Total Funds 2021 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2022 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income from managed funds	5	13,374	13,643		13,643
Interest from short-term deposits		-	-		-
Donated Services (Audit)	6	313	368		368
Total Incoming Resources		13,687	14,011		14,011
RESOURCES EXPENDED					
Audit fee	6	313	368		368
Charitable Activities:					
Grants awarded	7	4,350	2,850		2,850
Total Resources Expended		4,663	3,218		3,218
Net Incoming/(Outgoing) Resources before Other Recognised Gains/(Losses)		9,024	10,793		10,793
OTHER RECOGNISED GAINS AND (LOSSES)					
Gains and (losses) on investment assets					
Unrealised gains/(losses)	8	78,416	-	39,516	39,516
Total Gains and (Losses) on Investment Assets		78,416	-	39,516	39,516
Net Movement in Funds		87,440	10,793	39,516	50,309
Total funds brought forward		538,088	167,644	457,884	625,528
Total funds carried forward		625,528	178,437	497,400	675,837

All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 15 form an integral part of these financial statements.

County of Argyll Educational Trust Scheme, 1960
Balance Sheet as at 31 March 2022



BALANCE SHEET AS AT 31 MARCH 2022

	Note	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2021	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2022
		£	£	£	£	£	£
Fixed Assets							
Investments	9	-	457,884	457,884	-	497,400	497,400
Total Fixed Assets		-	457,884	457,884	-	497,400	497,400
Current Assets							
Cash at Bank and at Hand	10	167,644	-	167,644	178,437	-	178,437
Total Current Assets		167,644	-	167,644	178,437	-	178,437
Total Assets		167,644	457,884	625,528	178,437	497,400	675,837
Funds of the Charity							
Unrestricted Funds	13	167,644	-	167,644	178,437	-	178,437
Endowment Funds		-	457,884	457,884	-	497,400	497,400
Total Charity Funds		167,644	457,884	625,528	178,437	497,400	675,837

The notes on pages 13 to 15 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 24th November 2022 and signed on their behalf by:

Councillor J Lynch

Trustee

Kirsty Flanagan FCCA, CPFA, ACIB

Honorary Treasurer

County of Argyll Educational Trust Scheme, 1960

Notes to the Financial Statements



1. Basis of Preparation

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with:

- a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2019-2nd Edition); and the Financial Reporting Standard for Smaller Entities FRS102.
- b) The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Accounting Policies

2.1 Form of Financial Statements

- a) Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity.
- b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

2.2 Incoming Resources

- a) All incoming resources are recognised and included in the Statement of Financial Activities when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources and the monetary value can be measured with sufficient reliability. The following specific policies are applied to particular categories of income.
- b) Income from investments is included in the year to which it relates.
- c) Investments gains and losses includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.
- d) The value of the services provided free of charge by Argyll and Bute Council has not been included in the accounts but is described in the trustees' annual report.

2.3 Resources Expended

- a) All expenditure is included in the Statement of Financial Activities on an accrual basis and is recognised when there is a legal or constructive obligation to pay out resources.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

- (a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2020-21 - £0).
- (b) The trust received interest of £0 (2020-21 £0) from Argyll and Bute Council on unrestricted reserves placed on short-term deposit with them. All transactions incoming and outgoing are made via the Council's accounts.

County of Argyll Educational Trust Scheme, 1960

Notes to the Financial Statements



- (c) There were no other transactions between the charity and any trustee or any connected person during the year (2020-21 - £0).

5. Investment Income

	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2022 £
Investment Interest from CCLA	13,374	13,643	13,643
Interest on Short-term deposits with Argyll and Bute Council	-	-	-
Total Investment Income	13,374	13,643	13,643

6. Audit Fees

The independent auditor's fee is a donated service amounting to £368 (2020-21 – £313).

7. Grants Awarded

During the year to 31 March 2022, £2,850 of grants were awarded to 17 individuals in accordance with the trust's objective of the advancement of education for children and young people within the former County of Argyll (2020-21 - 29 grants - £4,350).

8. Gains and Losses on Investment Assets

Over the year, the value of investments increased by £39,516 from £457,884 to £497,400 due to year-end valuation of Charities Original Investment Fund (COIF) unit trust investments.

9. Fixed Asset Investments

There were 25,542.41 units held in the Charities Original Investment Fund (COIF) at a unit price of 1,947.35 pence at 31 March 2022.

County of Argyll Educational Trust Scheme, 1960

Notes to the Financial Statements



10. Cash and Bank Balances

	Unrestricted Funds £	Total Funds £
Short-term deposits with Argyll and Bute Council:		
Carrying value at 1 April 2021	167,644	167,644
Add: lodgements during year	13,643	13,643
(Less): withdrawals during year	(2,850)	2,850
Gains/losses	-	-
Cash and Bank at 31 March 2022	178,437	178,437

During the year the above short term deposits were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. No costs were incurred by the trust for this work. The balances are repayable on demand. Interest is payable on the balance.

11. Movement in Funds

	At 1 April 2021 £	Incoming Resources £	Outgoing Resources	Gains/ Losses £	At 31 March 2022 £
Unrestricted Revenue Funds	167,644	13,643	(2,850)		178,437
Permanent Endowment Funds	457,884	0	0	39,516	497,400
Total Funds	625,528	13,643	(2,850)	39,516	675,837

Oban Common Good Fund

**Trustees' Report and Financial Statements
for the year ended 31 March 2022**

Charity number SC021328



Simmers & Co
Chartered Accountants
OBAN

Oban Common Good Fund

Financial Statements

Year ended 31 March 2022

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Oban Common Good Fund

Trustees' Annual Report

Year ended 31 March 2022

The trustees present their report and the financial statements of the charity for the year ended 31 March 2022.

Reference and administrative details

Registered charity name Oban Common Good Fund

Charity registration number SC021328

Principal office Argyll & Bute Council Area office
Kilmory
Lochgilphead
PA31 8RT

The trustees Councillor E Robertson (Retired 5 May 2022)
Councillor Sir J McGrigor (Retired 5 May 2022)
Councillor J Lynch
Councillor K Green
Councillor A Kain (Appointed 19 May 2022)
Councillor L Martin (Appointed 19 May 2022)

Charity secretary Ms Kirsty Flanagan FCCA CPFA ACIBS

Auditor Kyle McAulay CA
Audit Scotland
8 Nelson Mandela Place
Glasgow

Bankers The Royal Bank of Scotland
26 George Street
Oban
Argyll
PA34 5SB

Oban Common Good Fund

Trustees' Annual Report (continued)

Year ended 31 March 2022

Structure, governance and management

Legal and Administrative Status

The Oban Common Good Fund is regulated by the Local Government Scotland Act 1973. It is registered as a charity in Scotland, and is recognised as a charity for taxation purposes by H M Revenue & Customs.

Recruitment and Appointment of Management Committee

The management committee consisted of three councillors who represent the two wards of Oban plus one further councillor.

The councillors are charity trustees for the purposes of charity law and are replaced by their successors during each local government election.

Trustee Induction and Training

Most councillors are already familiar with the work of the charity and attend an introductory meeting with those councillors who continue as trustees to introduce the most recent work of the charity and to introduce current objectives and plans.

Organisational structure

The trustees meet on a quarterly basis to review grant applications and monitor the fund's financial position. The trustees use an agreed distribution policy in order to determine the approval and level of grant assistance made available to the applicant. Approval for grants over £5,000 requires the agreement of all trustees.

The trustees delegate day to day responsibility for the running of the fund to the secretary and fund administrators. The fund administrators were appointed in 2015 and reappointed in 2018 and 2021 following competitive tender processes and are currently Simmers & Co, Chartered Accountants.

Risk Management

The trustees have assessed the major risks to which the charity is exposed, and in particular those related to the finance of the fund, and are satisfied that systems are in place to mitigate exposure to the major risks.

Objectives and activities

The fund consists of a Revenue Account and a Capital Account, with the Capital Account being held in perpetuity with no distribution permitted therefrom without the prior consent of Argyll & Bute Council as parent body.

The Revenue Account represents income available for distribution and the Capital invested in perpetuity derives an annual investment income which is available for distribution annually once associated fund costs have been accounted for.

The objectives are to administer the fund having regard to the interests of the inhabitants of the town of Oban. A comprehensive distribution policy provides a framework for grant distributions.

Oban Common Good Fund

Trustees' Annual Report (continued)

Year ended 31 March 2022

Achievements and performance

The Fund agreed to the distribution of 15 grants totalling £48,560 (2021 8 grants totalling £20,604) as detailed in Note 3 on page 10 of the financial statements. Projects support covered a wide spectrum of community activity in Oban arts, sports, economic development and cultural heritage. In the current climate of severe financial constraints, the Trustees recognise that there will continue to be substantial pressures placed on the Fund in terms of the number of applications, which must be balanced against the income to the Fund, which is subject to the vagaries of the stock market. In terms of this latter issue, management of the funds is delegated to CCLA Investment Management for Charities (CCLA) to increase the ethical approach to investment whilst maintaining a positive return.

Financial review

The funds result for the year was a surplus on unrestricted funds of £1,291,598 (2021 – deficit £18,399 - restated) and a surplus on restricted funds of £129,928 (2021 - £257,824 restated). Surpluses are generated from the growth in value of the investment and, in 2022, the revaluation the property asset fund.

Reserves policy

The Oban Common Good Fund invests the capital account in perpetuity in order to generate investment income to distribute annually, the balance of undistributed funds in any year is maintained in a revenue account. This can be used to increase the capital account where the return from the capital account investments shows signs of diminishing in real terms value due to the economic climate.

At the year end, the restricted funds amounted to £1,635,417 (2021 - £1,505,489 restated) and the unrestricted funds amounted to £6,347,694 (2021 - £5,056,096 restated). Included within capital funds is property with a net book value of £5,858,000 (2021 - £4,598,000).

Following a review of Statement of Recommended Practice 2019, the trustees concluded that the disclosure of the revaluation reserve arising from the revaluation of the Atlantis Swimming Pool building in 2019 was more appropriately classed as unrestricted funds. As this change resulted in a material adjustment to the accounts, the previous years accounts were restated. A further valuation was carried out on 31 March 2022 and reflected in these accounts.

Plans for future periods

The trustees recognise that the current pandemic is having serious impacts on the town of Oban and will look to assist where possible to mitigate the effects whilst carefully monitoring the fund's investment performance to ensure its long-term sustainability.

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period.

Oban Common Good Fund

Trustees' Annual Report (continued)

Year ended 31 March 2022

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates on a reasonable basis;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investments (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 24 November 2022 and signed on behalf of the board of trustees by:

Councillor A Kain
Trustee

Ms Kirsty Flanagan FCCA CPFA ACIBS
Charity Secretary

Oban Common Good Fund

**Independent Auditor's Report to the Trustees of Oban Common Good Fund and the
Accounts Commission**

Year ended 31 March 2022

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Oban Common Good Fund for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK)(ISAs(UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework. And for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Oban Common Good Fund

Independent Auditor's Report to the Members of Oban Common Good Fund (continued)

Year ended 31 March 2022

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the

Oban Common Good Fund

Independent Auditor's Report to the Members of Oban Common Good Fund (continued)

Year ended 31 March 2022

audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay CA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

24 November 2022

Kyle McAulay is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973

Oban Common Good Fund

Statement of Financial Activities

Year ended 31 March 2022

		Unrestricted funds	2022 Restricted funds	Total funds	2021 Total funds (restated)
	Note	£	£	£	£
Income and endowments					
Donations and legacies	4	3,572	–	3,572	3,281
Investment income	5	55,051	–	55,051	53,662
Total income		<u>58,623</u>	<u>–</u>	<u>58,623</u>	<u>56,943</u>
Expenditure					
Expenditure on charitable activities	6,7	160,046	-	160,046	131,936
Total expenditure		<u>160,046</u>	<u>-</u>	<u>160,046</u>	<u>131,936</u>
Net gains on investments	8	(28,521)	(129,928)	(158,449)	(314,418)
Net income and net movement in funds		<u>(72,902)</u>	<u>129,928</u>	<u>57,026</u>	<u>239,425</u>
Other recognised gains and losses					
Gains from revaluation of fixed assets		1,364,500	-	1,364,500	-
New movement in funds		<u>1,291,598</u>	<u>129,928</u>	<u>1,421,526</u>	<u>-</u>
Reconciliation of funds					
Total funds brought forward		5,056,096	1,505,489	6,561,585	6,322,160
Total funds carried forward		<u>6,347,694</u>	<u>1,635,417</u>	<u>7,983,111</u>	<u>6,561,585</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Balance Sheet

31 March 2022

	Note	2022 £	2021 (Restated) £
Fixed assets			
Tangible fixed assets	14	5,858,000	4,598,000
Investments	15	2,014,410	1,855,961
		<u>7,872,410</u>	<u>6,453,961</u>
Current assets			
Debtors	16	13,847	13,509
Cash at bank and in hand		139,034	103,395
		<u>152,881</u>	<u>116,904</u>
Creditors: amounts falling due within one year	18	42,179	9,280
Net current assets		<u>110,701</u>	<u>107,624</u>
Total assets less current liabilities		<u>7,983,111</u>	<u>6,561,585</u>
Net assets		<u>7,983,111</u>	<u>6,561,585</u>
Funds of the charity			
Restricted funds		1,635,417	1,505,489
Unrestricted funds			
Revaluation reserve		5,193,931	3,981,154
Other unrestricted income funds		1,153,763	1,074,942
		<u>6,347,694</u>	<u>5,056,096</u>
Total unrestricted funds		<u>6,347,694</u>	<u>5,056,096</u>
Total charity funds	19	<u>7,983,111</u>	<u>6,561,585</u>

These financial statements were approved by the board of trustees and authorised for issue on 24 November 2022, and are signed on behalf of the board by:

Councillor A Kain
Trustee

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Statement of Cash Flows

Year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net income		57,026	239,425
<i>Adjustments for:</i>			
Depreciation of tangible fixed assets		104,500	104,500
Net gains on investments		(158,449)	(314,418)
Dividends, interest and rents from investments		(55,039)	(53,626)
Other interest receivable and similar income		(12)	(36)
Accrued expenses/(income)		32,736	(3,958)
<i>Changes in:</i>			
Trade and other debtors		(338)	–
Cash generated from operations		<u>(19,576)</u>	<u>(28,113)</u>
Interest received		12	36
Net cash used in operating activities		<u><u>(19,564)</u></u>	<u><u>(28,077)</u></u>
Cash flows from investing activities			
Dividends, interest and rents from investments		55,039	53,626
Net cash from investing activities		<u><u>55,039</u></u>	<u><u>53,626</u></u>
Net increase in cash and cash equivalents		35,475	25,549
Cash and cash equivalents at beginning of year		103,395	77,846
Cash and cash equivalents at end of year	17	<u><u>138,870</u></u>	<u><u>103,395</u></u>

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The charity is a public benefit entity and a registered charity in Scotland and is unincorporated. The address of the principal office is Argyll & Bute Council, Kilmory, Lochgilphead, PA31 8RT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Oban Common Good Fund**Notes to the Financial Statements (continued)****Year ended 31 March 2022****3. Accounting policies (continued)****Incoming resources**

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Oban Common Good Fund

Notes to the Financial Statements (*continued*)

Year ended 31 March 2022

3. Accounting policies (*continued*)**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property - Straight line over 40 years

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Oban Common Good Fund**Notes to the Financial Statements (continued)****Year ended 31 March 2022****3. Accounting policies (continued)**

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future

Oban Common Good Fund

Notes to the Financial Statements (*continued*)

Year ended 31 March 2022

3. Accounting policies (*continued*)Financial Policies (*continued*)

payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Donations				
Donations	3,572	3,572	3,281	3,281

5. Investment income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Income from listed investments	55,039	55,039	53,626	53,626
Bank interest receivable	12	12	36	36
	55,051	55,051	53,662	53,662

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Grant awards	48,560	-	48,560
Support costs	111,486	-	111,486
	<u>160,046</u>	<u>-</u>	<u>160,046</u>
	Unrestricted Funds (Restated) £	Restricted Funds (Restated) £	Total Funds 2021 (Restated) £
Grant awards	20,605	-	20,605
Support costs	111,331	-	111,331
	<u>131,936</u>	<u>-</u>	<u>131,936</u>

7. Expenditure on charitable activities by activity type

	Grant funding of activities £	Support costs £	Total funds 2022 £	Total fund 2021 £
Grant awards	48,560	-	48,560	20,605
Governance costs	97,312	14,174	111,486	111,331
	<u>145,872</u>	<u>14,174</u>	<u>160,046</u>	<u>131,936</u>

Grants awarded

	£
Friends of Oban Community Play Park	560
Community equipment	350
Oban Community Council – Xmas Lights	5,000
Camanachd Association	3,000
Oban Winter Festival	2,000
Argyllshire Gathering Trust	500
Adventure Oban	5,000
Oban Celtic	5,000
Oban and Ganavan Heritage ~Society	3,456
Oban High School Parent Council	15,400
Oban Sailing Club	995
Lorn Drama Club	1,000
Hebridean Outdoor Pursuits	2,925
Oban Gaelic Choir	1,250
Oban FM	6,000
Grant award reductions and refunds	(3,876)
Total	48,560

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

8. Net gains on investments

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Gains/(losses) on other investment assets	28,521	129,928	158,449

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Gains/(losses) on other investment assets	56,594	257,824	314,418

9. Net income

Net income is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	104,500	104,500

10. Auditors remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	3,572	3,281

11. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022 £	2021 £
	Nil	Nil

The average head count of employees during the year was Nil (2021: Nil).

No employee received employee benefits of more than £60,000 during the year (2021: Nil).

12. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees (2021 - none).

13. Transfers between funds

There were no fund transfers in the year (2021 – none).

Oban Common Good Fund

Notes to the Financial Statements (*continued*)

Year ended 31 March 2022

14. Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2021	4,950,000
Revaluations	908,000
	<hr/>
At 31 March 2022	5,858,000
	<hr/> <hr/>
Depreciation	
At 1 April 2021	352,000
Charge for the year	104,500
Revaluations	(456,500)
	<hr/>
At 31 March 2022	-
	<hr/> <hr/>
Carrying amount	
At 31 March 2022	5,858,000
	<hr/> <hr/>
At 31 March 2021	4,598,000
	<hr/> <hr/>

Oban Common Good Fund have leased the Oban Swimming Pool to Oban and Lorn Community Enterprise Ltd (OLCE) for a peppercorn rent. The Oban Common Good Fund has classified this as an operating lease recognising the totality of the arrangement with OLCE:-

- OLCE have since 1994, fundraised and built a multi-purpose sports facility to compliment the original swimming pool.
- Argyll and Bute Council provide an annual operating subsidy, (£515,323 excluding VAT – 2021/22, £488,688 (2020/21)), towards the running costs of the facility.
- At expiry of the lease in 2037, the facility will revert back to the Oban Common Good Fund.

The Oban Swimming Pool was transferred to the Oban Common Good Fund in 1995 but only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. At that date, the building was transferred at a historic cost of £1,088,392 and accumulated depreciation of £424,323. The building was subsequently subject to full revaluation by Argyll and Bute Council on 31 March 2019 on a Depreciation Replacement Costs basis.

The asset was subject to desktop revaluation on 31 March 2022 at £5,858,000 with an estimated useful life of 40 years.

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

15. Investments

	Other investments £
Cost or valuation	
At 1 April 2021	1,855,961
Additions	-
Other movements	158,449
At 31 March 2022	2,014,410
Impairment	
At 1 April 2021 and 31 March 2022	-
Carrying amount	
At 31 March 2022	2,014,410
At 31 March 2021	1,855,961

All investments shown above are held at valuation.

16. Debtors

	2022 £	2021 £
Other debtors	13,847	13,509

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2022 £	2021 £
Cash at bank and in hand	139,033	103,395
Bank overdrafts	(163)	-
	138,870	103,395

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	163	-
Accruals and deferred income	42,016	9,280
	42,179	9,280

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

19. Analysis of charitable funds

Unrestricted funds

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 March 2022 £
General funds	1,074,942	58,623	(160,046)	90,480	89,764	1,153,763
Oban swimming pool	3,891,154	-	-	(90,480)	1,303,257	5,193,931
	<u>5,056,096</u>	<u>58,623</u>	<u>(160,046)</u>	<u>-</u>	<u>1,393,021</u>	<u>6,347,694</u>

	At 1 April 2020 (restated) £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 March 2021 (Restated) £
General funds	1,002,861	56,943	(131,936)	90,480	56,594	1,074,942
Oban swimming pool	4,071,634	-	-	(90,480)	-	3,981,154
	<u>5,074,495</u>	<u>56,943</u>	<u>(131,936)</u>	<u>-</u>	<u>56,594</u>	<u>5,056,096</u>

Restricted funds

	At 1 April 2021 £	Income £	Expenditure £	Gains and losses £	At 31 March 2022 £
Investment funds	1,505,489	-	-	129,928	1,635,417
	<u>1,505,489</u>	<u>-</u>	<u>-</u>	<u>129,928</u>	<u>1,635,417</u>

	At 1 April 2020 (Restated) £	Income £	Expenditure £	Gains and losses £	At 31 March 2021 (restated) £
Investment funds	1,247,665	-	-	257,824	1,505,489
	<u>1,247,665</u>	<u>-</u>	<u>-</u>	<u>257,824</u>	<u>1,505,489</u>

Following a review of the Statement of Recommended Practice 19, the charity changed the disclosure of the revaluation reserve in 2021 relating to the full revaluation of the Oban Swimming Pool in 2019. As the amount was material it was appropriate to restate the balances for restricted, and unrestricted funds. A further desktop revaluation exercise was undertaken at 31 March 2022 and is reflected in these accounts.

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	5,858,000	-	4,858,000
Investments	378,993	1,635,417	2,014,410
Current assets	152,880	-	152,880
Creditors less than 1 year	(42,179)	-	(42,179)
Net assets	6,347,694	1,635,417	7,983,111

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 (restated) £
Tangible fixed assets	4,598,000	-	4,598,000
Investments	280,868	1,575,093	1,855,961
Current assets	116,904	-	116,904
Creditors less than 1 year	(9,280)	-	(9,280)
Net assets	5,056,096	1,575,093	6,561,585

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022 £	2021 £
Financial assets measured at fair value through income and expenditure		
Financial assets measured at fair value through income and expenditure	8,025,291	6,570,865
Financial liabilities measured at fair value through income and expenditure		
Financial liabilities measured at fair value through income and expenditure	42,179	9,280

22. Analysis of changes in net debt

	At 1 Apr 2021 £	Cash flows £	At 31 Mar 2022 £
Cash at bank and in hand	103,395	35,638	139,033
Bank overdrafts	-	(163)	(163)
	103,395	35,475	138,870

Argyll & Bute Council

2021/22 Annual Audit Report



Prepared for the Members of Argyll & Bute Council and the Controller of Audit

November 2022

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Key messages

2021/22 annual accounts

- 1** The Covid-19 pandemic has continued to create additional challenges for Council and audit staff alike. As a result of this, the statutory deadline to publish the audited 2021/22 annual accounts was revised to 30 November 2022.
- 2** The Council prepared its annual accounts for the year within agreed timescales and the accounts and associated working papers have been prepared to a high standard.
- 3** We requested that management carried out an additional assessment of the high value assets that were not due to be valued in the current financial year as part of the 5-year rolling programme of revaluations. As a result of this work, the estimated value of non-current assets increased by £29.9 million. There was no impact on the Council's general fund.
- 4** Following the adjustment to the value of non-current assets, our audit opinions on the annual accounts of the Council and its group are unmodified and confirm that the 2021/22 Financial Statements present a true and fair view of the financial activities of the Council and its group. Similarly, our audit opinion on the eight section 106 charities administered by the Council are unmodified.

Financial management

- 5** The Council reported a surplus of £1.6 million after adjusting for transfers to earmarked reserves. This was as a result of underspends at departmental level, in addition to an overall favourable recovery of Council Tax.
- 6** There has been a significant increase in the level of General Fund reserves. Overall, earmarked reserves increased by £17.8 million. The majority of this increase largely related to the timing of Scottish Government funding that was unspent at the year-end.
- 7** The Council has appropriate and effective financial management in place that allow members to scrutinise financial performance effectively.

Financial sustainability

- 8** Medium-term financial plans have been developed for the period 2023/24 to 2027/28 and the Council has identified a cumulative budget deficit of £33.0

million over this period. As part of its financial planning, the Council continues to explore savings proposals and service redesign options.

- 9 The Council should continue to review and update its medium-term financial plan as the financial consequences of Covid-19 and the cost-of-living pressures become fully determined.

Governance and transparency

- 10 The Council has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic, the Council has continued to revise its governance arrangements. The new arrangements are appropriate and support good governance and accountability.
- 11 There is effective scrutiny, challenge and informed decision making.

Best Value

- 12 The Council has an appropriate and effective best value framework in place.
- 13 The Council continues to make positive progress addressing the recommendations contained in our May 2020 Best Value Assurance Report.

Introduction

1. This report summarises the findings arising from the 2021/22 audit of Argyll & Bute Council (the Council) and its group.

2. The scope of the audit was set out in our 2021/22 Annual Audit Plan presented to the March 2022 meeting of the Audit and Scrutiny Committee. This report comprises the findings from:

- an audit of the annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) namely, financial management, financial sustainability, governance and transparency and best value.

3. The main elements of our audit work in 2021/22 have been:

- an audit of the annual accounts of the Council and its group including the statement of accounts of the eight Section 106 charities administered by the council and the issue of independent auditor's reports setting out our opinions
- a review of the Council's key financial systems
- audit work covering the Council's arrangements for securing best value
- consideration of the four audit dimensions.

4. The global coronavirus pandemic has had a considerable impact on the Council during 2021/22. This has had significant implications for the services it delivers. We have continued to adapt the way we deliver our audit work to maintain quality and address any additional risks.

Adding value through the audit

5. We add value to the Council through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- sharing intelligence and good practice through our national reports ([Appendix 4](#)) and good practice guides.

Responsibilities and reporting

6. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

7. The Council is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

8. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

9. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

10. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

11. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

12. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

Auditor Independence

13. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

14. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-

audit related services and therefore the 2021/22 audit fee of £272,110 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

15. This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

16. The Auditor General for Scotland is responsible for the appointment of external auditors to central government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

17. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23, Mazars will be the appointed auditor for Argyll & Bute Council. We are working closely with the new auditors to ensure a well-managed transition.

18. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

19. We would like to thank Board members, Audit and Scrutiny Committee members, Executive Directors, and other staff, particularly those in finance for their co-operation and assistance over the last six years.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

The Covid-19 pandemic has continued to create additional challenges for Council and audit staff alike. As a result of this, the statutory deadline to publish the audited 2021/22 annual accounts was revised to 30 November 2022.

The Council prepared its annual accounts for the year within agreed timescales and the accounts and associated working papers have been prepared to a high standard.

We requested that management carried out an additional assessment of the high value assets that were not due to be valued in the current financial year as part of the 5-year rolling programme of revaluations. As a result of this work, the estimated value of non-current assets increased by £29.9 million. There was no impact on the Council's general fund.

Following the adjustment to the value of non-current assets, our audit opinions on the annual accounts of the Council and its group are unmodified and confirm that the 2021/22 Financial Statements present a true and fair view of the financial activities of the Council and its group. Similarly, our audit opinion on the eight section 106 charities administered by the Council are also unmodified.

Our audit opinions on the annual accounts are unmodified

20. The accounts for the Council and its group for the year ended 31 March 2022 were approved by the Council on 24 November 2022. As reported in the independent auditor's report:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the Council and its group as at 31 March 2022 and of the income and expenditure of the Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and

- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

The Covid-19 pandemic had a limited impact on audit evidence

21. Covid-19 presented challenges for the audit of the annual accounts, both for the Council's finance team and our audit team. However, the working papers provided by management to support the accounts were comprehensive and the finance staff continued to deliver their high standards of professionalism and support to the audit team which helped ensure a smooth audit process.

The annual audit accounts were submitted in line with our agreed audit timetable

22. Submission dates for the audited annual accounts for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. Audit Scotland has set target dates for 2021/22 which transition to more regular timescales. For 2021/22, the submission deadline for the audited annual accounts is 30 November 2022.

23. The unaudited annual accounts were received in line with our agreed audit timetable on 4 July 2022. The annual accounts were signed off in line with the revised timetable permitted to reflect the impact of Covid-19.

Our audit opinions on the eight Section 106 charities were unmodified

24. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities' legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Argyll & Bute Council are sole trustees, irrespective of the size of the charity.

25. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that the:

- financial statements give a true and fair view of the section 106 charity's financial position and are properly prepared in accordance with charities legislation; and
- trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

26. These were approved by the Council on 24 November 2022 and signed by the statutory deadline of 30 November. Our audit opinions on the eight Section 106 charities are unmodified.

Section 106 charities administered by Argyll and Bute Council

27. Argyll and Bute Council administers eight Section 106 charities and prepares a separate set of annual accounts for each charity. The Charities Accounts (Scotland) Amendment Regulations 2010 permits a single set of accounts for connected charities. These are defined as charities that have 'common or related purposes, or charities which have common control or unity of administration'.

28. The eight Section 106 charities administered by the Council are considered to meet the connected charities definition.

Recommendation 1

The Council should apply the connected charities provision to reduce the number of annual accounts prepared for its Section 106 charities.

There were no objections raised to the annual accounts

29. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The date specified in the notice must be at least 14 days after the date that notice is published but cannot be later than 1 July in the year in which the notice is published.

30. The annual accounts were not made available for inspection until 4 July 2022 under the regulations. However, the unaudited annual accounts were reported to Council at its meeting on 30 June 2022 and the committee reports were publicly available. Therefore, the Council were considered to comply with the Local Authority Accounts (Scotland) Regulations 2014.

31. There were no objections to the 2021/22 annual accounts.

Work on assurance statements for the 2020/21 and 2021/22 Whole of Government Accounts has been delayed

32. Whole of Government Accounts (WGA) is the consolidated financial statements for all components of government in the UK. Most public bodies are required to submit returns for the preparation of WGA. The returns are consolidated into WGA by HM Treasury. WGA is audited at a UK level by the National Audit Office (NAO), who issue Group Audit Instructions.

33. Appointed auditors in Audit Scotland are required by the Code of Audit Practice, as part of their audit appointment, to examine and report on WGA returns prepared by Scottish audited bodies. Auditors are required to report the results of their examination in an Assurance Statement. The examination and reporting process performed by auditors is therefore described as auditor assurance.

34. Work on the 2020/21 and 2021/22 WGA was delayed at a national level. HM Treasury issued its guidance for preparers on 27 April 2022 and the NAO issued its Group Audit Instructions on 14 July 2022. The OSCAR II system has been open for 2020/21 submissions since April 2022.

35. HM Treasury and the NAO set a date for certified returns of 31 August 2022 which the Scottish Government agreed to for Scottish bodies. The deadline was then subsequently moved to 30 September 2022. Management have completed the submission for the Council and we completed our return on 8 November 2022.

Overall materiality

36. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

37. The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

38. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Council revised materiality (£)	Group revised materiality (£)
Overall materiality	6.6 million	6.7 million
Performance materiality	4.6 million	4.7 million
Reporting threshold	250,000	250,000

Source: Audit Scotland

Our work has addressed the risks of material misstatement identified in our Annual Audit Plan

39. [Appendix 2](#) provides a summary of the risks of material misstatement in the annual accounts and any wider audit dimension risks identified in our Annual Audit Plan presented to the Audit and Scrutiny Committee in March 2022. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

We have significant findings to report on the audited annual accounts

40. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices.

41. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Property, plant and equipment valuations</p> <p>The Code of Practice on Local Authority Accounting requires authorities to revalue property, plant and equipment with sufficient regularity to ensure the carrying amount does not differ materially from current value, being the value that would have been obtained if revalued. Property, plant and equipment valuations within the annual accounts are supported by workings from a professional valuer, using a five-year rolling programme of revaluations.</p> <p>In part due to wider external factors (e.g. inflation), the likelihood of a material movement was higher in 2021/22 than in previous years. This was an issue which affected all Local Authorities in Scotland.</p> <p>We requested that management, in consultation with a qualified valuer, carried out an additional assessment of the value of assets that had not been valued in 2021/22. As a result, the estimated value of non-current assets increased by £29.9 million.</p>	<p>This was adjusted in the audited annual account and a disclosure included under the "Assumptions made about the future and other major sources of estimation uncertainty" note to the annual accounts.</p> <p>We recommend that management put in place a process to ensure that an assessment of the value of assets not revalued in year is carried out on an annual basis.</p> <p>Recommendation 2</p> <p>(Refer Appendix 1, action plan)</p>

Issue	Resolution
<p>The impact of this is to increase property, plant and equipment and unusable reserves on the Balance Sheet by £29.9 million.</p> <p>This adjustment also impacted on the notes to the financial statements associated with these areas. There was no impact on the Council's general fund.</p>	
<p>2. Statutory adjustment for the difference between fair value and historic cost depreciation</p> <p>Statutory adjustments are processed in the annual accounts due to differences between accounting requirements and funding requirements. The Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies is mandatory guidance that was issued by LASAAC in May 2021. This guidance made a change to the way the statutory adjustment for the difference between fair value and historic cost depreciation is processed, and from 2020/21 this was to be processed from the revaluation reserve to the general fund instead of the capital adjustment account. The revised approach was not reflected in the Council's annual accounts for 2021/22 which resulted in a misstatement of £3.7 million.</p> <p>The impact of this is to decrease statutory adjustments by £3.7 million with a corresponding increase in adjustments permitted by accounting standards in the Movement in Reserves Statement.</p> <p>This has no impact on the outturn position.</p>	<p>This was adjusted in the audited annual accounts.</p>
<p>3. PPE and Testing Kits</p> <p>National Services Scotland (NSS) has been supplying PPE to Councils and Integration Joint Boards (IJBs) free of charge.</p> <p>For Argyll & Bute Council and Argyll & Bute Integration Joint Board, the total PPE and Testing Kits issued by NSS for 2021/22 equate to £2.1 million. This was accounted for in the 2021/22 unaudited annual accounts as £2.6 million, however this related to the prior year figure.</p> <p>The impact of this is to decrease both other non-departmental costs gross income and gross expenditure on the Comprehensive Income and Expenditure Statement (CIES) by £2.6 million as</p>	<p>This was adjusted in the audited annual accounts.</p>

Issue	Resolution
<p>well as increase both social work gross income and gross expenditure on the CIES by £2.1 million. This has no impact on the outturn position.</p>	
<p>4. IJB Monies</p> <p>The Council accounted for £1.7 million of IJB monies as a creditor on its Balance Sheet relating to the transfer of reserves for unspent funding at the year-end.</p> <p>The initial accounting treatment was to debit gross expenditure and credit trade payables; however, this should have been a debit to gross income with a credit to trade payables.</p> <p>The impact of this is to decrease both gross income and gross expenditure on the CIES by £1.7 million. This has no impact on the outturn position.</p>	<p>This was adjusted in the audited annual accounts.</p>
<p>5. Accrued income</p> <p>Income of £0.4 million relating to Discretionary Housing Payment (DHP) was incorrectly accrued at the year-end.</p> <p>The impact is to decrease both short-term debtors on the Balance Sheet and gross income on the CIES by £0.4 million.</p>	<p>This was adjusted in the audited annual accounts.</p>
<p>6. Charitable Trusts – Oban Common Good Fund – Classification of property, plant and equipment</p> <p>The Oban Swimming Pool was transferred to the Oban Common Good Fund in 1995 but only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. This was last revalued by Argyll and Bute Council on 31 March 2019 on a Depreciation Replacement Costs basis. The original transfer and the revaluation was accounted for as a restricted fund in both 2020/21 and 2021/22.</p> <p>However, following review of the Charities Statement of Recommend Practice (SORP) Financial Reporting Standard (FRS) 102 and the original transfer documentation, there was insufficient evidence to support the classification of a restricted fund. In addition, the revalued amount should have been held separately within a revaluation reserve.</p>	<p>This was adjusted in the audited annual accounts.</p>

Issue	Resolution
<p>The impact of this is to increase unrestricted funds and decrease restricted funds by £4.5 million for 2021/22 and £4.6 million for 2020/21.</p> <p>This has no impact on the total charity funds for the Oban Common Good Fund.</p>	
<p>7. Charitable Trusts – Oban Common Good Fund – Property, plant and equipment valuations</p> <p>The Charities SORP FRS 102 requires charities to revalue property, plant and equipment with sufficient regularity to ensure the carrying amount does not differ materially from current value, being the value that would have been obtained if revalued. Property, plant and equipment valuations within the annual accounts are supported by workings from a professional valuer, using a five-year rolling programme of revaluations.</p> <p>In part due to wider external factors (e.g. inflation), the likelihood of a material movement was higher in 2021/22 than in previous years.</p> <p>We requested that management, in consultation with a qualified valuer, carried out an additional assessment of the value of assets that had not been valued in 2021/22. As a result, the estimated value of non-current assets increased by £1.4 million.</p> <p>The impact of this is to increase property, plant and equipment and unrestricted funds on the Balance Sheet by £1.4 million and increase other gains and losses on the Statement of Financial Activities (SoFA) by £1.4 million.</p> <p>This adjustment also impacted on the notes to the financial statements associated with these areas.</p>	<p>This was adjusted in the audited annual accounts.</p>

Source: Audit Scotland

Identified misstatements of £40.4 million were adjusted in the annual audited accounts

42. Total misstatements identified were £40.4 million. We have reviewed the nature and causes of these misstatements and have concluded that they arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error or refer to the completion of further audit procedures where misstatements were not isolated.

43. Adjustments made in the audited annual accounts increased total comprehensive income in the CIES by £29.5 million and increased net assets in the Balance Sheet by 29.5 million.

Other findings

44. Our audit identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts. This is normal audit practice and none of the presentational changes have any impact on the Council's outturn for the year.

A statutory override allowing for simplified presentation of infrastructure assets has been applied

45. Across the UK, a technical accounting issue has been identified covering infrastructure assets, which we have considered as part of our audit this year. Infrastructure assets typically include highways, footpaths, bridges and culverts and are included at historical cost in the accounts. These have a net book value of £230.5 million for the Council. A replaced component of an asset has to be derecognised and at some councils the records of additions were not detailed enough to comply with accounting code requirements. A failure to derecognise assets correctly would have resulted in double-counting and an overstatement of the gross book value, accumulated depreciation and potentially the net book value of the assets.

46. CIPFA/LASAAC considered the matter and proposed amendments to the 2021/22 accounting code to allow a reasonable assumption that the net book value of replaced parts of infrastructure assets are nil and a temporary adaptation to remove the requirement to disclose gross book value and accumulated depreciation in the financial statements. The Scottish Government has issued Finance Circular 9/2022 to implement these changes.

47. Management considered the detailed records available to support infrastructure additions since 2010 and concluded that the above statutory overrides were appropriate and have amended the infrastructure disclosures in the audited accounts, this is explained at Note 14 of the annual accounts.

Good progress was made on prior year recommendations

48. The Council has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

Main judgements

The Council reported a surplus of £1.6 million after adjusting for transfers to earmarked reserves. This was as a result of underspends at departmental level, in addition to an overall favourable recovery of Council Tax.

There has been a significant increase in the level of General Fund reserves. Overall, earmarked reserves increased by £17.8 million. The majority of this increase related to the timing of Scottish Government funding that was unspent at the year-end.

The Council has appropriate and effective financial management in place that allow members to scrutinise financial performance effectively.

Budget processes were appropriate and effective

49. Senior management and members receive regular and accurate financial information on the Council's performance against budgets. These reports allow officers and members to scrutinise financial performance effectively throughout the year.

The Council reported an in-year surplus of £1.6 million

50. The performance against budget for the financial year 2021/22, after adjusting for transfers to earmarked reserves was an overall underspend of £1.6 million.

51. The final revenue outturn against budget is summarised in [Exhibit 3](#):

Exhibit 3

2021/22 – Final Revenue Budget Outturn

Area	Actual £ million	Budget Adjusted for Earmarking £ million	Variance (Overspend) Underspend £ million
Chief Executive's Unit	5.7	5.7	-
Executive Director (Douglas Hendry)	115.2	115.4	0.2
Executive Director (Kirsty Flanagan)	49.1	49.7	0.6
Total Departmental Expenditure	170.0	170.8	0.8
Joint Boards	1.5	1.5	-
Loans Charges	9.4	9.4	-
Pension Costs	1.8	1.7	(0.1)
Other	9.6	9.3	(0.3)
Total Central Expenditure	22.3	21.9	(0.4)
Social Work	62.9	62.9	-
Total Social Work Expenditure	62.9	62.9	-
Total Expenditure	255.2	255.6	0.4
Total Funding	278.7	277.5	1.2
Underspend			1.6

Source: Argyll and Bute Council 2021/22 Annual Accounts

52. There was an underspend of £0.2 million within the remit of Douglas Hendry (Executive Director – Education, Legal and Regulatory Support and Commercial Services). The main underspends were due to an over recovery of vacancy savings, reduced catering in schools due to less demand as a result of Covid-19 and reduced running costs within Early Learning and Childcare. There was also an underspend in NPDO (Non-Profit Distributing Organisation) and Hub DBFM

(Design, Build, Finance and Maintain) Schools arising from insurance savings and the settlement of historic disputed cost reductions.

53. There was an underspend of £0.6 million within the remit of Kirsty Flanagan (Executive Director – Roads and Infrastructure, Development and Economic Growth and Customer Support Services). The main underspends were due to the over recovery of vacancy savings, additional income within Environmental Health and additional income in housing and planning fee income.

54. There was an overspend of £0.4 million in Central Costs, this was mainly due to insurance costs being higher than budget.

55. There was also a year-end favourable position in relation to Council Tax Income of £1.2 million. Recovery was assisted by £0.5 million of Low Income Pandemic Payments (LIPP) credited directly to Council Tax accounts and therefore improving collection rates.

56. The Social Work budget, managed by the Health and Social Care Partnership (HSCP) was underspent by £1.7 million. This was after accounting for repayment of outstanding debt to the Council of £2.8 million. Therefore, the HSCP cleared the balance of debt owed to the Council to zero in year. The £1.7 million underspend relating to the Social Work budget has been recognised as a creditor on the Council's balance sheet. This has no impact on the Council's outturn position.

Covid-19 continues to have an impact on Council finances

57. The impact on public finances as a result of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

58. As at 31 March 2022, earmarked reserves of £9.0 million relating to Covid-19 funding remained unutilised. This has reduced from £13.5 million since the prior year. The movement in earmarked Covid-19 funding is summarised in [Exhibit 4](#).

Exhibit 4

Covid-19 – Earmarked Reserves at 31 March 2022

	£ million
Earmarked balance at 31 March 2021	13.5
Spend in year	(5.0)
Allocations from funding to capital contract pressures resulting from Covid-19	(9.4)
New General Covid Funding	7.5
New Specific Covid Funding	2.4
Balance on General Fund 31 March 2022	9.0

Source: Argyll and Bute Council 2021/22 Annual Accounts

The general fund balance held by the Council increased from £78.2 million in 2020/21 to £96.1 million in 2021/22

59. One of the key measures of the financial health of a body is the level of reserves held. The general fund balance held by the Council increased from £78.2 million in 2020/21 to £96.1 million in 2021/22. The majority of this increase largely related to the timing of Scottish Government funding that was unspent at the year-end, such as Covid-19 funding and other unspent grants including Local Authority Covid Economic Recovery Fund (LACER), Early Learning and Childcare (ELC) 1,140 hours.

60. The Council reviews the level of its uncommitted general fund balance when setting the budget each year. The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget and this amounts to £5.3 million. In addition to this, a further £1.8 million of the general fund balance is unallocated.

61. The remaining £88.9 million of the general fund balance was earmarked for specific purposes approved by the Council.

62. [Exhibit 5](#) shows an analysis of the movement on the general fund balance in 2021/22.

Exhibit 5**Analysis of movement in general fund balance in 2021/22**

	£ million
Balance on General Fund at 31 March 2021	78.2
Social Work Repayment of Debt	2.8
Revenue Budget 2021/22 - investment in Capital (held in reserves)	3.0
Revenue Budget 2021/22 – Covid Allocation to reserves	7.5
Released sums earmarked to service budgets 2021/22	(18.9)
Contributions to earmarked reserves 2021/22	21.8
Overall budget underspend as noted above	1.6
Balance on General Fund at 31 March 2022	96.1

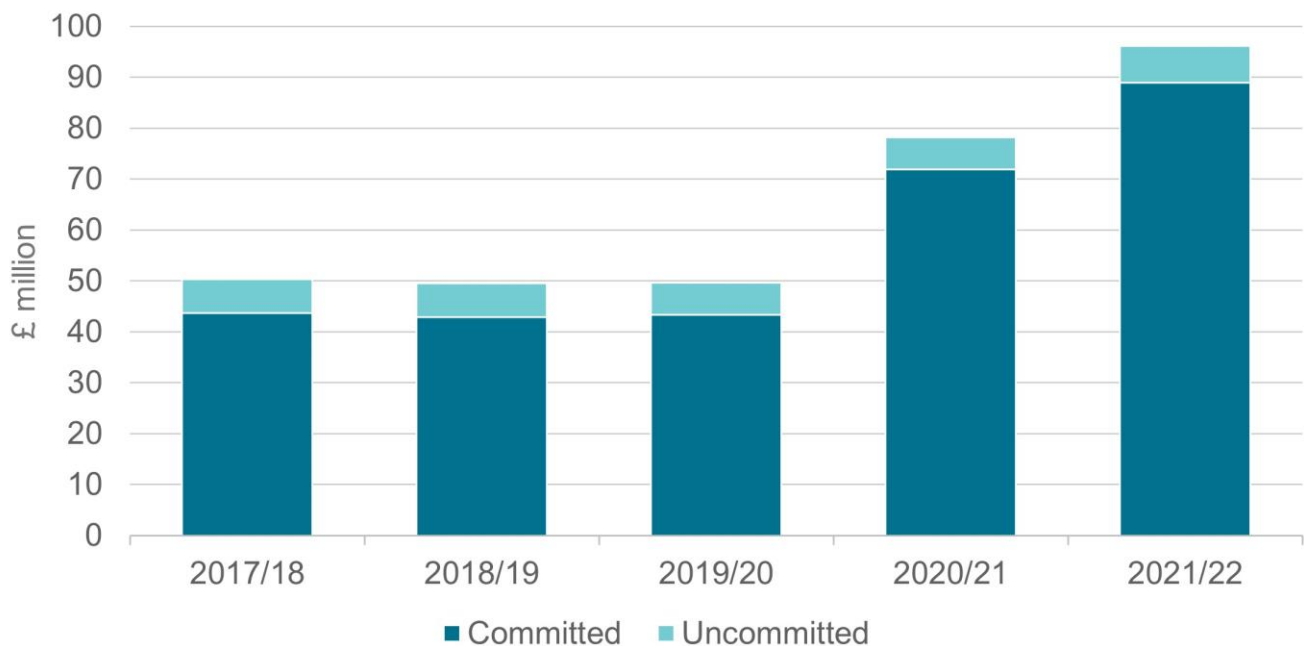
Source: Argyll and Bute Council 2021/22 Annual Accounts

63. As at 31 March 2022, the largest earmarked balances related to Capital Projects (£24.7 million), Unspent Committed Grants (£12.4 million), Unspent budget carried forward (£10.4 million) and Covid-19 (£9.0 million).

64. [Exhibit 6](#) provides an analysis of the general fund over the last five years split between committed and uncommitted reserves.

Exhibit 6

Analysis of general fund balance



Source: Argyll and Bute Council Annual Accounts

65. The increased level of the general fund balance in 2020/21 and 2021/22 is largely due to the timing of Scottish Government funding that was unspent at the year-end, such as Covid-19 funding and other unspent grants.

66. The increase in the reserves position in 2021/22 is likely to be temporary due to expected future expenditure on pandemic recovery and other planned expenditure. It is essential that the Council recognises the non-recurring nature of such reserves and takes steps to ensure they are used effectively and in line with Council strategy and strategic objectives.

Planned budget savings were largely achieved

67. The 2021/22 budget included planned savings split across a large number of policies and services. The Council has a history of meeting its savings targets and continued this in 2021/22. Budget savings of £2.7 million were agreed for 2021/22. There were further savings agreed in prior years which had to be delivered in 2021/22 totalling £0.1 million. In total, £2.7 million (96 per cent) of the overall target of £2.8 million was delivered in 2021/22.

68. The remaining shortfall of £0.1 million was met from other service level underspends to contribute to an overall outturn surplus of £1.6 million.

The Council delivered the majority of its capital programme in 2021/22

69. Total capital expenditure in 2021/22 was £24.8 million compared to the annual adjusted budget of £31.0 million. There was slippage of £6.2 million including a number of under and overspends within the outturn position. The largest underspend was £2.5 million relating to the Harbour Investment Programme. There was also an underspend of £0.9 million relating to the Education Asset Sustainability Programme.

70. In total there are 155 projects within the overall Capital Plan. As at 31 March 2022, 94 (61 per cent) of these projects were complete or on track. This position contrasts to 2020/21 where 126 (81%) of 155 projects were complete or on track.

71. In recent years slippage has occurred on a number of projects partly due to the impact of the Covid-19 pandemic. The pandemic has contributed to a number of issues such as supply chain delays, changes to project scope and labour issues.

72. The Council continues to assess and anticipate the impact of the Covid-19 pandemic when monitoring its overall Capital Plan. 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 £2.5 million of funding in respect of this. This was increased by a further £0.1 million following agreement at the Policy and Resources Committee in October 2021.

73. A further £3.9 million was set aside for future capital contract increases as part of the budget which was approved at the meeting of the Council in February 2022.

Financial systems of internal control operated effectively

74. We obtained an understanding of the Council's key financial systems to identify the key financial controls and assess their design and implementation.

75. The majority of Council finance staff switched to remote working during 2020/21 in response to the pandemic and many continued to do so in 2021/22. We noted that, despite the change to the working environment, the underlying processes could be delivered in largely the same way as previously. This is a testament to the dedication of Council staff and the robustness of the processes in place.

76. On the whole, we concluded that financial systems of internal control operated effectively.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

77. The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in

accordance with proper standards of conduct by putting effective arrangements in place. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

78. In addition, we have reviewed the arrangements in place to maintain standards of conduct including the Counter Fraud Strategy and Whistleblowing policy. There are established procedures for preventing and detecting breaches of these standards including instances of corruption.

3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered

Main judgements

Medium-term financial plans have been developed for the period 2023/24 to 2027/28 and the Council has identified a cumulative budget deficit of £33.0 million over this period. As part of its financial planning, the Council continues to explore savings proposals and service redesign options.

The Council should continue to review and update its medium-term financial plan as the financial consequences of Covid-19 and the cost-of-living pressures become fully determined.

The Council agreed a balanced budget for 2022/23

79. The Council agreed a balanced 2022/23 budget in February 2022. Measures approved by the Council to achieve a balanced budget with a surplus of £2.8 million included:

- 3% increase to Council Tax amounting to £1.6m.
- General inflationary increase to fees and charges resulting in £0.4 million of additional income
- New management/operational savings of £2.4 million
- New policy savings options of £0.3 million

The Council are forecasting a small overspend of £0.1 million on their revenue budget for 2022/23

80. The most recent financial monitoring reports as at 31 August 2022 were presented to the Policy and Resources Committee in October 2022. As at 31 August 2022, there was a year-to-date underspend of £3.0 million and a forecast year-end overspend of £0.1 million. The forecast overspend does not include the potential overspend in relation to the 2022-23 pay award where negotiations are ongoing.

81. The year-to-date variances mainly relate to the timing of income and expenditure and the recharging of costs to capital. The forecast overspend is

due to the elected members pay award, an under recovery of income within parks and pest control and a high demand for services within social work.

The Council has continued to monitor the impact of Covid-19 on its financial position

82. The Council monitored the impact of Covid-19 on its financial position throughout 2021/22. This included forecasting the impact the pandemic would have in the future based on a range of assumptions and the information available at the time. Assumptions were regularly reviewed as national restrictions changed and impact on costs and lost income became clearer.

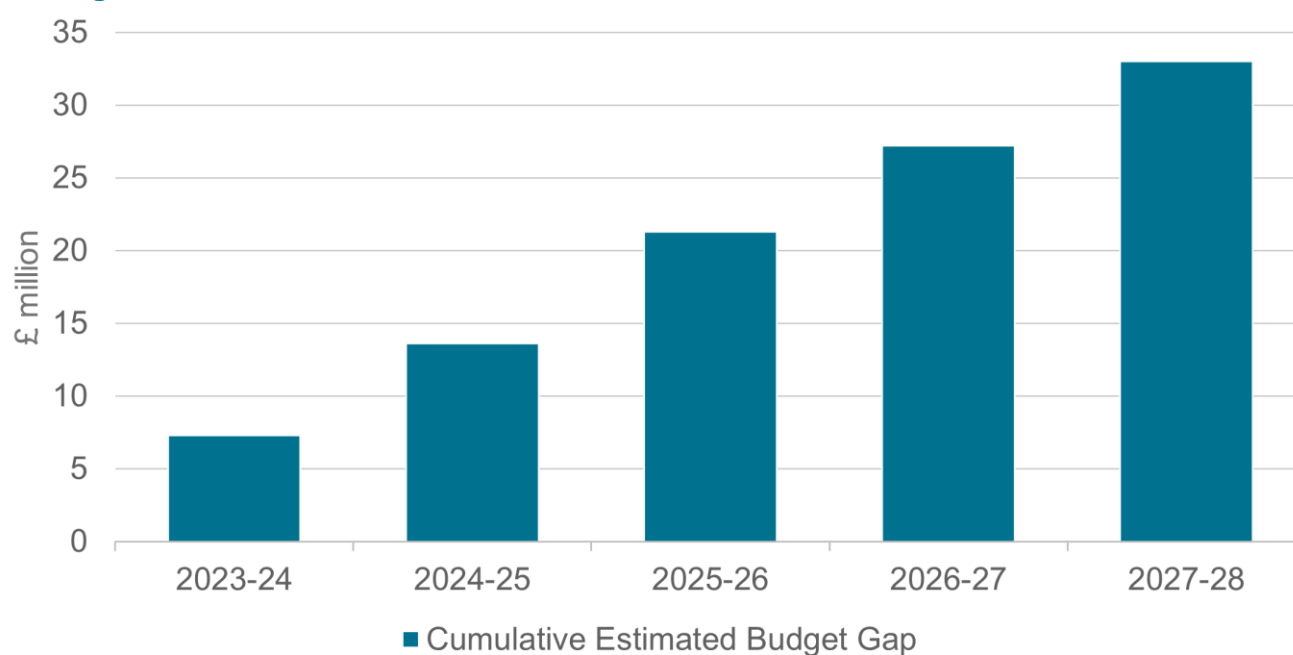
83. Detailed reports were presented to the Policy and Resources Committee at its meetings in October 2021 and December 2021. A further update was presented to the Policy and Resources Committee in February 2022. Officers continue to review their revenue budget estimates for 2022/23 pressures resulting from Covid-19 to reflect the most up to date outturn.

84. The Council are experiencing increases in prices for capital works. This is due to issues such as supply chain disruption for both labour and materials. The Council have estimated that pressures will continue for the projects within the capital programme in 2022/23 and beyond. As part of the 2022/23 budget, £3.9 million of the available Covid-19 funding was allocated for capital contract increases.

Addressing the £33.0 million funding gap identified by the Council over the medium-term presents a significant challenge

85. The Council produces a five-year rolling financial plan (Budget Outlook 2023/24 to 2027/28). This plan is a 'live' document and is revised each year following the agreement of the budget and is then further updated throughout the year as new information becomes available. The most up to date version of this plan was presented to the Policy and Resources Committee in October 2022.

86. The budget outlook is prepared using three different scenarios, best case, worst case, and mid-range. The budget gap in the mid-range scenario after measures to balance the budget is an estimated £7.3 million in 2023/24 rising to £33.0 million over the five-year period (2023/24 to 2027/28). This has been summarised in [Exhibit 7](#).

Exhibit 7**Cumulative Estimated Budget Gap 2023/24 – 2027/28****Mid-range scenario**

Source: Argyll and Bute Council

87. The Council face a very challenging budget outlook position over the five-year period 2023/24 to 2027/28. The level of Scottish Government grant, the pay award and the cost of inflation are assumptions that could alter the figures in the budget outlook significantly. The Council continue to monitor these assumptions closely and update the budget outlook throughout the year.

88. Council officers continue to develop further savings options throughout 2022/23. These saving options will be presented to members at a future Committee in order to help to provide a balanced budget in future years. The Council should continue to review and update its medium-term financial plan as the financial consequences of Covid-19 and the cost-of-living pressures become fully determined.

Recommendation 3

The Council should continue review and update its medium-term financial plan as the financial consequences of Covid-19 and the cost-of-living pressures become fully determined.

A Budget Working Group has been established to provide scrutiny on the identification of savings options as they are developed

89. As part of the 2021/22 and 2022/23 budget processes, a cross party Budget Working Group (BWG) was established. This comprised of six members from the administration, three members from the opposition and two trade union representatives. The primary purpose of the BWG was to engage with officers and provide scrutiny on the identification of savings options as they are developed.

90. It was agreed at the Policy and Resources Committee in June 2022 that a similar group will be established to support the 2023/24 budget approach and the group began discussions in August 2022 in order to address the financial challenges ahead.

The Council have commenced work on a budget approach for 2023/24

91. A paper was taken to the Policy and Resources Committee in October 2022, updating on the budget approach for 2023/24. The two main aspects of this work are:

- A review of services considering whether it's a duty, power or non-statutory service.
- A service redesign exercise assuming 75% of existing budget.

92. Officers continue to monitor the budget outlook position regularly and report any changes to the Policy and Resources Committee. The 'Budget Approach' exercise has been developed by Executive Leadership Team.

93. The Council continues to face a significant and challenging budget gap over the next five years. As part of its financial planning, the Council continues to explore savings proposals, service redesign options and opportunities for additional income.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The Council has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic, the Council has continued to revise its governance arrangements. The new arrangements are appropriate and support good governance and accountability.

There is effective scrutiny, challenge and informed decision making.

Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

94. The Council made changes to its governance arrangements at the outset of the pandemic in March 2020. These have been set out in the Annual Governance Statement contained in the annual accounts and included:

- Council and committee meetings continued to operate on a virtual basis throughout the Covid-19 pandemic
- Recording meetings of the Council and hosting these for the public on the Council's website. This has now progressed to webcasting for strategic committees with the first webcast meeting being the Policy and Resources Committee broadcast in December 2021.

95. We concluded that overall, the Council has appropriate governance arrangements in place which support effective scrutiny, challenge and decision making.

Internal Audit

96. A revision to the 2021/22 Internal Audit Plan was approved by the Audit and Scrutiny Committee in March 2022. The revision was due to the need to redeploy audit staff to priority tasks to support the Council's response to the pandemic and support Financial Services. This resulted in three audits being removed from the plan. The revision of the plan did not affect the Chief Internal Auditor's ability to provide an opinion on the Council's systems of governance and internal control.

97. During 2021/22, one of the seventeen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. This related to Contract Management in Roads and Amenity Services.

98. For this report, an action plan has been agreed with management and progress against their delivery is monitored by Internal Audit. More generally, a formal system is in place within the Council to follow-up audit recommendations and report progress to Senior Management and the Audit and Scrutiny Committee on a regular basis.

Performance reporting in the management commentary of the Annual Accounts was of a good standard

99. Management commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

100. The management commentary is of a good standard and clearly explains the Council's strategy, finances and links to the financial statements. The statutory requirements relating to non-financial performance have been met. The management commentary also details the impact of Covid-19 on the Council's business and financial position.

Openness and transparency

101. There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions and is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

102. Prior to March 2020, members of the public were able to attend Council and other committee meetings as well as accessing agendas, papers and minutes on the Council's website. The move to remote committee meetings has restricted direct attendance, however meetings are now webcast and recorded for public viewing. The relevant papers are still available on the website to support transparency.

103. The Council's website allows the public to access a wide range of information including the register of members' interests, current consultations and surveys and how to make a complaint.

5. Best Value

Using resources effectively and continually improving services

Main judgements

The Council has an appropriate and effective best value framework in place.

The Council continues to make good progress addressing the recommendations contained in our May 2020 Best Value Assurance Report.

The Council is making good progress in securing Best Value

104. Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council has been considered by the Accounts Commission at least once in this period. The BVAR report for the council was published in May 2020.

105. In the BVAR, we highlighted key areas where the Council should focus its improvement activities going forward. The report made seven recommendations relating to areas for further development. These are detailed at [Appendix 3](#).

106. We followed up the BVAR recommendations as part our 2021/22 audit work. The timing of the Council's BVAR review and the publishing of the report came at a time where the Council were focussed on their response to the Covid-19 pandemic. Subsequently, we recognise that progress made in implementing of agreed actions have been delayed as the Council focussed on responding to the pandemic.

107. Actions where progress has been delayed or limited as a result of Covid-19 include:

- Increase the pace of change through transformation to deliver the business outcomes and this should be monitored and reported on a regular basis.
- Assess the extent to which regeneration and economic development initiatives are delivering the vision and corporate outcomes. Put in place robust options appraisal processes and a benefits monitoring framework, proportional to the size of initiatives, to evaluate the benefits and costs of future projects.
- Work with communities and community groups to understand and address their concerns and establish priorities in how it can better support them. This should include engaging with communities to understand and improve levels of satisfaction with council services.

108. Overall, we concluded that the Council has made good progress in implementing the BVAR recommendations, although work is still on-going and the impact on outcomes is not yet clear.

Best value

The best value audit work carried out this year focussed on the council's arrangements for demonstrating best value in Efficient Use of Resources and Performance, Outcomes and Improvement. Our conclusions on Efficient Use Resources are largely set out in the earlier sections of this report. The findings of Performance, Outcomes and Improvement are reported below.

The Council were able to maintain service performance levels despite the pandemic

109. The pandemic has had an impact on performance measures, particularly for services which have been temporarily suspended, operating at reduced levels or have had to adapt to new ways of working. The Council have continued to monitor key performance targets throughout the year with performance being regularly reported to the Audit and Scrutiny Committee. These reports monitor progress against the Council's key priorities.

110. Of the Council's 85 success measures, 67 per cent were classified as on track. The remaining 33 per cent are off-track, either in terms of performance itself or the availability and collection of timely data to evidence performance. All off-track measures have been impacted by Covid-19.

111. From 2022/23, the Council will no longer align success measures through the Business Outcomes. To monitor the delivery of the Council's Corporate Outcomes, a suite of 47 Indicators has been identified. These are known as Corporate Outcome Indicators (COIs) and will all align directly to the Council's Corporate Outcomes.

There are appropriate arrangements in place to collate statutory performance indicator (SPI) data

112. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

113. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes

- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities

114. We have evaluated the Council's arrangements for fulfilling the above requirements and concluded that these are appropriate.

National performance audit reports

115. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 4](#).

116. The Council has a process in place to ensure that findings from national reports are reviewed, and where relevant, presented to the Audit and Scrutiny Committee. This reporting includes an assessment of current arrangements and the identification of actions to be taken to apply good practice examples highlighted in the reports.

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Section 106 charities administered by Argyll and Bute Council</p> <p>The Charities Accounts (Scotland) Amendment Regulations 2010 permits a single set of accounts for connected charities.</p> <p>However, Argyll and Bute Council does not apply the connected charities provision and currently prepares a separate set of annual accounts for each Section 106 charity.</p>	<p>The Council should apply the connected charities provision to reduce the number of annual accounts prepared for its Section 106 charities.</p> <p>Paragraph 27-28</p>	<p>Management response: While this is not a requirement it will be reviewed and actioned as part of the 2022-23 annual accounts process.</p> <p>Responsible officer: Head of Financial Services</p> <p>Agreed date: 2022-23 Annual Accounts</p>
<p>2. Property, plant and equipment valuations</p> <p>We requested that management, in consultation with a qualified valuer, carried out an additional assessment of the value of assets that had not been valued in 2021/22. As a result of this work, the estimated value of non-current assets increased by £29.9 million.</p> <p>There was no impact on the Council's general fund.</p>	<p>Management should put in place a process to ensure that an assessment of the value of assets not revalued in year is carried out on an annual basis.</p> <p>Exhibit 2</p>	<p>Management response: A process will be put in place, but as discussed with the External Auditors it would be helpful for Audit Scotland to issue guidance to Local Authorities to ensure a consistent approach.</p> <p>Responsible officer: Estates and Property Development Manager.</p> <p>Agreed date: 31 March 2023.</p>
<p>3. Financial Sustainability</p> <p>The Covid-19 pandemic has introduced further financial</p>	<p>The Council should continue review and update its medium-term financial plan</p>	<p>Management response: The medium-term financial plan will be regularly reviewed,</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>challenges with a projected funding gap of up to £33.0 million over the period 2023/24 to 2027/28 as a result of anticipated funding reductions, estimated future pay awards and inflation levels.</p> <p>Risk</p> <p>The Council is unable implement a sustainable model for service delivery.</p>	<p>as the financial consequences of Covid-19 and the cost-of-living pressures become fully determined.</p> <p>Paragraph 87-90</p>	<p>updated and reported to Council.</p> <p>Responsible officer: Head of Financial Services</p> <p>Agreed date: Ongoing – reported to every Policy and Resources</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>4. Financial Sustainability</p> <p>The Covid-19 pandemic has introduced further financial challenges with a projected funding gap of up to £23.3 million over the period 2022/23 to 2026/27.</p> <p>Risk – The Council is unable implement a sustainable model for service delivery.</p>	<p>The Council should continue to update its financial plans as soon as they have more clarity on the financial impacts of Covid-19.</p>	<p>Superseded – see Appendix 1, Action Plan Point 3.</p>
<p>5. BVAR recommendations</p> <p>Despite making good progress in addressing the recommendations outlined in the BVAR (Published in May 2020), overall progress has been impacted by the Covid-19 pandemic and the challenging operating environment.</p> <p>Risk – There is a risk that the Council may not implement BVAR recommendations in the required timescale.</p>	<p>The Council should review the BVAR action plan, revising actions and key dates as appropriate to inject pace and momentum into the work to address the recommendations that have been delayed due to the Covid-19 pandemic.</p>	<p>Ongoing.</p> <p>Responsible officer: Head of Customer Support Services</p> <p>Agreed date: Update to be provided January 2023</p>

Appendix 2. Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the Code of Audit Practice.

Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusion
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assess the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p> <p>Focused testing of accounting accruals and prepayments.</p>	<p>Results: No issues were identified in relation to the design and implementation of controls over journal entry processing.</p> <p>No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>Within substantive testing we considered whether transactions were within the normal course of business. When selecting samples, we reviewed ledger or transaction listings that were outside the normal course of business.</p> <p>Substantive testing of transactions around the year end did not identify any issues.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focussed testing on accruals and prepayments did not identify any instances of</p>

Audit risk	Assurance procedure	Results and conclusion
		<p>management override of controls.</p> <p>Conclusion: we did not identify any incidents of management override of controls.</p>
<p>2. Valuation and measurement of Non-Current Assets</p> <p>As at 31 March 2021, the Council held non-current assets with a value of £671.3 million. This included Land and Buildings with a net book value of £376.1 million. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and estimates, and changes in these can result in material changes to valuations.</p>	<p>Completion of 'review of the work of management's expert' for the internal professional valuer.</p> <p>Review of land and buildings revaluations carried out, assessing whether they have been performed using an appropriate and relevant valuation basis/methodology by suitably qualified individuals.</p> <p>Confirm land and buildings asset revaluations in valuer's report are correctly reflected within the 2021/22 financial statements.</p> <p>Work to assess the reasonableness of the valuations in the valuer's report.</p>	<p>Results: As outlined in Exhibit 2, we requested that management, in consultation with a qualified valuer, carried out an additional assessment of the value of assets that had not been valued in 2021/22. As a result, the estimated value of non-current assets increased by £29.9 million and an adjustment was processed by management to correct this misstatement.</p> <p>Conclusion: Satisfactory following the adjustment processed.</p> <p>(Refer to Appendix 1, Action Plan Point 2 and Exhibit 2)</p>
<p>3. Measurement and judgements applied to the valuation of pension liabilities</p> <p>As at 31 March 2021, the Council recognised a net liability of £82.3 million relating to its share of the Strathclyde Pension Fund liability. There is a significant degree of subjectivity in the measurement and valuation of the pension fund liability. The valuation is based on specialist assumptions and estimates.</p>	<p>Completion of 'review of the work of management's expert' for actuary.</p> <p>Confirm pension valuations in actuarial report are correctly reflected within the 2021/22 financial statements.</p> <p>Assess the completeness and accuracy of information provided to actuary to support the triennial revaluation process.</p> <p>Review and assess the reasonableness of actuary's valuations and assumptions.</p>	<p>Results: We noted no issues with:</p> <ul style="list-style-type: none"> -the reliability of the actuary or the reasonableness of estimates they provided. -the controls management put in place or the accuracy of the information provided for the valuation. <p>Conclusion: We did not identify any issues with the pension valuation.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusion
<p>4. Financial Sustainability</p> <p>Councils continue to face significant financial challenges with pressures on funding and increasing demand for services. As per the Budget Outlook report presented to the Policy and Resources Committee in December 2021, the Council's budget estimates are for a mid-range budget gap of £3.7 million for 2022/23, rising to an in-year gap of £26.7million by end of 2026/27.</p> <p>The 2022/23 budget will be set in February 2022 with an anticipated balanced position. This will still leave significant gaps in future years that will require to be addressed.</p> <p>At the end of January 2022, the Council are reporting a small underspend in 2021/22. As a result, there is a risk to financial sustainability and the sustainability and quality of services in future.</p>	<p>Review of the Council's annual budget setting arrangements.</p> <p>Assessment of the council's medium to long term financial strategy.</p> <p>Review and assessment of budget monitoring arrangements with a focus on reports to senior officers and members on financial position.</p> <p>On-going review of the Council's financial position and delivery of planned savings.</p>	<p>Results: The audit team reviewed the council's annual budget setting arrangements. The audit team reviewed financial updates to council and other committees throughout the year, this included reviewing the financial position and delivery of planned savings.</p> <p>Conclusion: The Council achieved a year-end surplus of £1.6 million for 2021/22. Significant financial challenges will continue in the short to medium-term and this has been highlighted at Appendix 1, Action Plan Point 3.</p>

Appendix 3. BVAR Recommendations (May 2020)

- Develop the transformation agenda supported by a medium-term savings plan which is affordable and achievable.
- Improve performance management reporting to provide a balanced picture of long-term trends in performance against its targets. Use benchmarking information to drive continuous improvement.
- Increase the pace of change through transformation to deliver the business outcomes and this should be monitored and reported on a regular basis.
- Assess the extent to which regeneration and economic development initiatives are delivering the vision and corporate outcomes. Put in place robust options appraisal processes and a benefits monitoring framework, proportional to the size of initiatives, to evaluate the benefits and costs of future projects.
- Work with communities and community groups to understand and address their concerns and establish priorities in how it can better support them. This should include engaging with communities to understand and improve levels of satisfaction with council services.
- Work with elected members to improve the uptake of training provided. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to develop wider scrutiny to support improvement.
- Improve engagement to ensure staff are bought into the Council's vision. Review the support and resources it provides to staff in rural areas to ensure that all employees have appropriate access to training to support them in their role.

Appendix 4. Summary of 2021/22 national performance reports and briefings

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

Argyll & Bute Council

2021/22 Annual Audit Report

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ARGYLL AND BUTE COUNCIL
COUNCIL**FINANCIAL SERVICES****25 NOVEMBER 2022**

AUDIT AND SCRUTINY COMMITTEE ANNUAL REPORT 2021/22

1. SUMMARY

- 1.1 The purpose of this report is to provide the Chair of the Audit and Scrutiny Committee's (the Committee) annual overview of the Committee's activity during the financial year 2021/22 and a summary of key developments since the commencement of 2022/23. It sets out how the Committee has fulfilled its remit and provides assurances to the Council.

2. RECOMMENDATIONS

- 2.1 Review and endorse the Chair's Annual Report.

3. DETAILS

- 3.1 It is important that the Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition which incorporates CIPFA's Position Statement: Audit Committees in Local Authorities and Police. This sets out CIPFA's view of the role and functions of an Audit Committee. The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit Committee against its remit for submission to the Council.

4. CONCLUSION

- 4.1 The Audit and Scrutiny Committee Annual Report 2021/22, which is appended to this report as Appendix 1, provides assurance to full Council over the activity of the Committee.

5. IMPLICATIONS

- | | | |
|-------|-----------------------|------|
| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Legal: | None |
| 5.4 | HR: | None |
| 5.5 | Fairer Scotland Duty: | None |
| 5.5.1 | Equalities: | None |
| 5.5.2 | Socio-Economic Duty: | None |
| 5.5.3 | Islands Duty: | None |
| 5.6 | Risk: | None |
| 5.7 | Customer Service: | None |

For further information please contact Internal Audit (01546 604108)

Paul Macaskill
Chief Internal Auditor
25 November 2022

Appendices:

- 1. Audit and Scrutiny Committee Chair Annual Report 2021/22**

Appendix 1 - Audit and Scrutiny Committee Chair Annual Report 2021/22

Introduction by the Chair of Audit and Scrutiny Committee

This report provides an overview of the Audit and Scrutiny Committee's (the Committee) activity during the financial year 2021/22 and a summary of key developments since the commencement of 2022/23.

In 2021/22 the Committee met quarterly online with the following as appointed members:

Martin Caldwell (Chair)	George Freeman	Richard Trail
	Sir Jamie McGrigor	Andrew Vennard
Jim Lynch (Vice Chair)	Alan Reid	Jim Findlay

Committee meetings were also attended by appropriate representatives of the Council including the Interim Chief Internal Auditor (CIA). Audit Scotland also attend as do other Council Officers as and when appropriate including the Chief Executive and the Head of Customer Support Services who attends regularly to advise the Committee on issues relating to performance management.

In June 2021 an Interim Chief Internal Auditor was appointed, Moira Weatherstone, due to the CIA taking up the post of Interim Head of Financial Services on a 100% basis until leaving the Council and the post of CIA subsequently becoming vacant. I am satisfied that appropriate arrangements were put in place to support and cover the role of CIA until the interim arrangement ceased in June 2022 when a permanent Chief Internal Auditor was appointed and took up this role on the 4 July 2022. I would like to thank Moira Weatherstone for managing the Internal Audit service and supporting the Committee during this period. I would also like to record my appreciation to Laurence Slavin the former CIA who took up post with West Dunbartonshire Council and wish him every success in his new role.

In 2022, saw the term of Councillor appointments come to an end and local elections held in May 2022. Firstly, I would like to sincerely thank all those Members of the Committee who served during this period and the valuable contribution which they have made to the governance of the Council. Secondly, to welcome the new Members of the Audit and Scrutiny Committee since their appointment in May 2022.

In looking forward to 2022/23 and beyond, the Council will need to continue to balance the demands of the community it serves in the backdrop of challenging financial times and also taking cognisance of the longer term effects of the COVID-19 pandemic on both the Council itself but also the wider Argyll and Bute community. Needless to say the Council stepped up to challenges of the pandemic and responded well.

Martin Caldwell - Chairperson

15 September 2022

1. Audit and Scrutiny Committee's Effectiveness and Impact

- 1.1 The Committee's role is to ensure that the Council's internal control framework and governance arrangements are operating effectively. In order to fulfil this role a range of reports are provided to the Committee during the year. I am satisfied that the frequency, content and detail of reports provided to the Committee allow myself and fellow members to adequately fulfil this role.
- 1.2 In March 2021 both Audit Scotland and Internal Audit presented their annual audit plans setting out their respective approach to the 2021/22 audit of the Council, reflecting their statutory duties and risk based approach. The audit plans were considered by the Committee and accepted.
- 1.3 During 2021/22 the CIA has continued to develop our approach to audit and scrutiny. Particular developments which have furthered the effectiveness of both Internal Audit and the Committee are:
- The establishment of a Counter Fraud Team in September 2020 for a trial two year period. This trial has subsequently proved so successful that this arrangement has now been made permanent.
 - The approach to Scrutiny is developing and two scrutiny reviews were undertaken in 2021/22 and arrangements are underway for identifying suitable topics in 2022/23.
 - The CIA engaged with members of the Committee as part of the planning process for the 2021/22 audit plan.
 - An external assessment has been scheduled for 2022 in terms of compliance with the Public Sector Internal Audit Standards (PSIAS) and a portfolio of evidence has been prepared.

2. Assurances

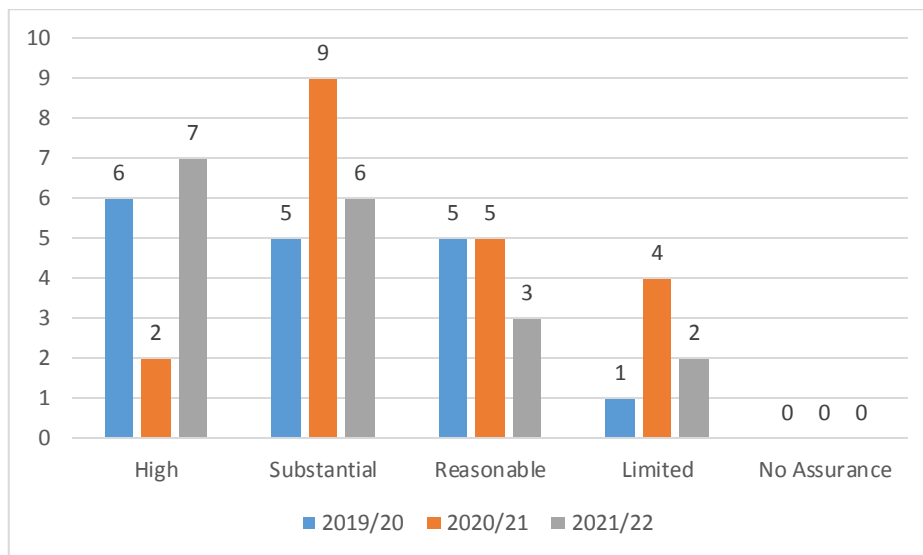
Internal Audit Assurance

- 2.1 Internal Audit is a key source of assurance for both members and management on the effectiveness of the control environment. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance. The COVID-19 pandemic meant the 2021/22 audit plan could not be completed in its entirety due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic. However I am content that the amended plan has been substantially completed with only two reviews having to be removed from the original approved plan. I am content with the assurance provide by the Interim CIA that sufficient work has been undertaken to allow her to provide an opinion on the Council's systems of governance and internal control. Throughout the year, in my opinion, clear assurance judgements are provided, underpinned by an appropriate evidence base and, where appropriate, include sound management advice and guidance.
- 2.2 The Committee has received regular reports and information from the CIA including:
- risk based internal audit annual plan
 - regular progress reports
 - annual report, in line with PSIAS, which provided the CIA's independent annual opinion on the effectiveness of the Council's risk management,

internal control and governance processes.

- 2.3 Exhibit 1 shows an analysis of assurance opinions provided by internal audit in the three year period 2019/20 – 2021/22. There has been an increase in the number of audits classified as providing a high level of assurance in 2021/22, with a decrease in the number of audits classified as providing a substantial level of assurance. There were only two classified as being limited. For these, and all other audit reports, management have accepted 100% of audit recommendations and action plans have been agreed with a robust follow-up system in place with progress presented to the SMT on a quarterly basis and to the Committee as a standard agenda item.

Exhibit 1 – Audit Assurances (2019/20-2021/22)



- 2.4 The Committee has a clear role in relation to oversight of the internal audit function; specifically in relation to overseeing its independence, objectivity, performance and professionalism. I am pleased to advise, as Chair of the Committee, that I am satisfied that internal audit is effective and activity is undertaken in accordance with relevant standards.

External Audit Assurance

- 2.5 External Audit is an essential part of the process of accountability and assurance for public funds, providing an independent opinion on the financial statements, and reviewing aspects of governance and financial management. Working closely with Internal Audit, the external audit programme ensures that statutory responsibilities are delivered, without the duplication of audit work. The Council’s external auditors are Audit Scotland.
- 2.6 The audit of the Council’s financial statements is still ongoing at the time I wrote this report and the Council is still to receive its 2021/22 annual audit report. Consequently this reduces the assurance we can take at the current time from external audit’s work however the Council were subject to a Best Value review in 2019/20 which highlighted good progress made by the Council since the last inspection in 2015, specifically the significantly improved relationships amongst elected members and between members and officers and the Council’s sound approach to financial planning. It also identified areas for the Council to focus its continued improvement upon, such

as community engagement, performance management, more significant transformation and redesign of services and better engagement of staff in planning and implementing change. I am pleased that the Council has responded positively to these messages and have agreed an action plan to help address the issues highlighted. It is also worth highlighting that Audit Scotland attend all meetings of the Committee and provide written and verbal updates on progress against their audit and any emerging audit issues. This helps provide the Committee with ongoing assurance.

3. Risk Management

- 3.1 The CIA performs an annual strategic risk register assurance mapping exercise which enables the Committee to assess the levels of assurance it can take over the activity undertaken by the Council to manage its strategic risks. This is complemented by the Chief Executive presenting the Strategic Risk Register to the Committee on an annual basis to allow the Committee to further scrutinise the approaches being taken to manage risk.

4. Independence

- 4.1 To assist in preserving the Committee's independence measures are in place including:
- the appointment of an independent chair
 - observation of the Internal Audit Charter which specifies the independence of the CIA and the wider audit team
 - the non-political approach of the committee
 - the active involvement of the external auditors
 - clear terms of reference aligned to CIPFA's Role of the Audit Committee Guidance

5. Scrutiny

- 5.1 During 2021/22 the Committee undertook two scrutiny reviews, specifically, Community Asset Transfer and Fly-Tipping. These reports were presented to the Audit and Scrutiny Committee in June 2022 and also referred to the Area Committees for information purposes. These reports were well received by the Committee and widened the understanding of the complexities and challenges faced by both staff and the community in specific areas and where these reports will help allow continuous improvement as a Council.
- 5.2 The benefits of scrutiny are twofold; helping to understand what can often be multifaceted and procedurally complex issues due to legislation but also to help consider ways to improve and develop to make any processes more understandable and/or streamlined where that is at all possible.
- 5.3 Scrutiny work will continue and arrangements will be made for suitable topics/areas to consider in 2022/23.

6. Counter Fraud Team (CFT)

- 6.1 In December 2019 the Strategic Management Team (SMT) approved the formation of a CFT for a trial two year period from 1 April 2020 with an annual fraud report to be provided to inform a future decision on whether the CFT should become a permanent part of the Council's establishment. The establishment of the CFT had been initially delayed by the COVID pandemic

with the Team Leader and Lead Investigator not appointed until September and October 2020 respectively. The CFT has been fully operational since with both officers having completed the CIPFA (Chartered Institute of Public Finance and Accountancy) Accredited Counter Fraud Specialist Course meaning they are fully accredited counter fraud investigators. This was a welcome development and continues to further strengthen the Council's commitment to protecting the public purse.

- 6.2 During the period of the pilot, it was reported to the Audit and Scrutiny Committee in June 2022 that proactive and targeted work in this area has resulted in £693,416 (ending April 2022) being rebilled and that to date £590,364 (ending April 2022) has been recovered. The success of the pilot in both recovery but also in its deterrent effect sends a strong message that the Council will take all reasonable steps it can to identify error and fraud but also take appropriate action to recover monies that are due. Regular reports are presented to Committee each quarter in relation to the work of both Internal Audit and the Counter Fraud function.
- 6.3 In July 2022 the Executive Leadership Team (ELT) considered the pilot and the positive outcomes that have been achieved to date, together with much work across the Council area having yet to be undertaken and which I expect to be equally successful. It is pleasing to note that the arrangements for the pilot relating to Counter Fraud have been made permanent and this will assist the Council in demonstrating both its commitment to recovering sums of revenue due through error or fraud but also in the wider context of good governance.

7. Looking Forward

- 7.1 In 2022/23 as a result of local elections a new Committee was formed and I welcome back those previously serving on the Committee but also the new members who I am sure will contribute to the effectiveness of the Committee and also continue to look forward to working with our Vice Chair, Councillor Jim Lynch.
- 7.2 In 2022/23 the Committee will consider potential options/topics for scrutiny reviews and as a Committee we will continue to implement and further develop our scrutiny approach.
- 7.3 This focus on continuous improvement is equally applicable to the audit element of the Committee and we will continue to work with the CIA and, where appropriate, our colleagues in Audit Scotland and the newly appointed External Auditors Mazars, to identify opportunities to further develop the skillset and expertise of both the Committee and the internal audit department to facilitate effective challenge and scrutiny.
- 7.4 The Counter Fraud Team will continue to focus their resources on specific concerns across the local authority area seeking to recover monies owed and due to the Council in accordance with its policies.
- 7.5 The Council continue to provide the audit services to the HSCP and were awarded the contract for a period of three years commencing 1 April 2021. A formal service level agreement was signed on 28 January 2021 to reflect the new contract. In 2022/23, a plan of audit coverage was agreed and presented to their Audit and Risk Committee.

- 7.6 Paul Macaskill has been appointed as the new CIA and welcome him to the Council in his new role and also in providing the Induction and Development Training session to the Committee in June 2022. I look forward and I am sure the Committee will also look forward to working with Paul and his team going forward.
- 7.7 We will continue to provide updates on progress of the CFT and reports will be presented to the Committee as part of the quarterly and annual reporting of the Internal Audit service.

8. Conclusion

- 8.1 Based on the reports received and reviewed by the Committee, I am in agreement with the CIA's annual audit report which confirms that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in 2021/22. I am satisfied that active monitoring and follow up of recommendations are in place in respect of agreed management action. This follow up process is further enhanced by the continuous monitoring programme carried out by internal audit which provides ongoing assurance over the Council's core transactional based systems.

ARGYLL AND BUTE COUNCIL
HEALTH & SOCIAL CARE PARTNERSHIP

COUNCIL
24 NOVEMBER 2022

CHIEF SOCIAL WORK OFFICER REPORT 2021 - 2022

1.0 EXECUTIVE SUMMARY

The Chief Social Work Officer (CSWO) for each of Scotland's 32 local authorities is required to provide an annual report for Scottish Government. It is due in the autumn and relates to the previous financial year.

There is a requirement for every local authority in Scotland to appoint a professionally qualified CSWO. This is set out in Section 3 of the Social Work (Scotland) Act 1968.

In Argyll & Bute the role of CSWO is held by the Head of Children, Families & Justice.

The CSWO Report for the financial year 2021/2022 is attached in Appendix 1.

It is important to note that the report relates to that time frame with only minimum reference to the period since.

ARGYLL AND BUTE COUNCIL
HEALTH & SOCIAL CARE PARTNERSHIP

COUNCIL
24 NOVEMBER 2022

Chief Social Work Officers Report 2021/2022

2.0 INTRODUCTION

- 2.1 The Chief Social Work Officer (CSWO) for each of Scotland's 32 local authorities is required to provide an annual report for Scottish Government. It is due in the autumn and relates to the previous financial year.
- 2.2 The CSWO Report for the financial year 2021/2022 is attached in Appendix 1.
- 2.3 These annual reports for all CSWOs are submitted to the Office of the Chief Social Work Advisor (OCSWA) to the Scottish Government. OCSWA will subsequently produce an overview report setting out the state of social work and social care throughout Scotland.
- 2.4 It is important to note that the report relates to that time frame with only minimum reference to the period since. It is fully acknowledged that there have been significant changes since the period relevant to the report, most saliently the relaxing of many pandemic related restrictions and the emerging 'cost of living crisis'. These developments are generally out with the time frame of the CSWO Report being presented here.
- 2.5 Within the Report, tribute is paid to the efforts of social work and social care staff, along with all other public sector staff, through the pandemic period. This thanks requires to be re-iterated here.

3.0 RECOMMENDATIONS

- 3.1 Note the key activities outline in the attached CSWO Report 2021/ 2022.
- 3.2 Acknowledge the commitment of social work and social care staff in the delivery of services throughout the period of the pandemic.
- 3.3 Note that the Report will be submitted to the Office of the Child Social Work Adviser to the Scottish Government.

4.0 DETAIL

- 4.1 See attached CSWO Report 2021/2022

5.0 CONCLUSION

- 5.1 As per recommendations.

6.0 IMPLICATIONS

- 6.1 Policy
None

- 6.2 Financial

While there are no direct financial implications of this Report it should be noted that the recruitment crisis in social work and social care described in this report continues. There is a finite pool of qualified staff across the nation and some local authorities are increasing salaries to attract staff. Scottish Government are starting to discuss the introduction of national pay scales.

6.3 Legal

This Reports meets the Council's obligations under Section 3 of the Social Work (Scotland) Act 1968.

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

It is undoubtedly harder to recruit suitably qualified social work and social care staff to live and work in our island communities. Close notice will require to be given to any worsening or emerging trends.

6.6 Climate Change

None

6.7 Risk

No specific corporate risk

6.8 Customer Service

None

David Gibson, Chief Social Work Officer

24th October 2022

For further information contact: David Gibson (david.gibson@argyll-bute.org.uk)

APPENDICES

Appendix 1: Chief Social Work Officer Report 2021/2022



**Argyll and Bute
Health and Social Care Partnership
Chief Social Work Officer
Annual Report 2021/22**



**David Gibson
Chief Social Work Officer
Argyll and Bute HSCP**

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3. Service Quality and Performance Adults Children, Families & Justice Statistics	Page 7
4. Resources Financial Overview	Page 30
5. Workforce	Page 32
6. Conclusion	Page 34

Chief Social Work Officers Report

1. Introduction

This is the annual Chief Social Work Officer (CSWO) report for Argyll and Bute for the year 2021/2022.

During the course of this reporting period, in September 2021, the CSWO changed from Julie Lusk to me, David Gibson. I want to thank Julie for the work she did in Argyll and Bute and particularly the huge efforts made through the first 18 months of the Covid 19 pandemic.

In last year's report Julie wrote, "Little did we expect that the impact of COVID -19 would remain with us and continue to have an impact across services in Argyll and Bute." This is equally true of the year 2021/2022 during which we have continued to experience various levels of restrictions on all our lives, both professionally and personally. There have been mass vaccination campaigns, new variants and the start of discussions on how we 'live with the virus'.

I must take this opportunity to thank all Social Work and Social Care staff, who along with many other key workers in the public sector, have worked steadfastly throughout these last extraordinary few years. The resilience shown by so many in the face of this adversity has been exceptional and without them many of the vulnerable people of Argyll and Bute would not have been able to access the level of service they did. As CSWO, indeed as a nation, we are indebted to our public sector staff.

As the pandemic begins to abate and we look to the future, it is perhaps becoming clearer that the pandemic and the associated responses masked significant chronic issues. While planning to spend the extra resources, freed by central government to deal with the pandemic, we were still having to plan financial savings in core services. Recruitment is increasingly difficult, particularly in our remote and island areas. This is not simply about a dearth of affordable housing or the expense of living in remote and island areas. It is about demographic changes. In Argyll and Bute we continue to have a shrinking working age population and increasing numbers of older people. We are beginning to recognise that nationally there is a lack of qualified Social Workers and Care Staff. These core chronic problems will require to be addressed in the years to come during the upheaval of the National Care Service re-organisation.

Nonetheless the pandemic has also offered opportunities for development. At the start of the pandemic in spring 2020 it was hard to imagine the amount of routine work we are now able to undertake via the use of technology and particularly Microsoft Teams, Skype and Near Me. This is clearly of advantage to practitioners covering the vast geography of Argyll and Bute. For those of us practicing on the geographic periphery of the nation it has also allowed more regular participation in national meetings and developments. We have been able to influence in a way, I doubt, we have ever enjoyed in the past. Those of us on the geographic periphery are now at the centre of professional development and debate. It is important we stay there.

This year's report will be in the format shared by the Office of the Chief Social Work Advisor. The report will cover:

- Governance & Accountability
- Service Quality & Performance
- Resources
- Workforce

2. Governance and Accountability

Role of the Chief Social Work Officer

As Chief Social Work Officer for Argyll and Bute, I am also Head of Children, Families and Justice. This portfolio clearly includes direct responsibility for all social work services for Children, Families and Justice as well as all associated resources such as Children's Houses, however with our scheme of delegation also includes health services ranging across CAMHS, Maternity, School Nursing, paediatric AHPs and Health Visiting.

As CSWO I am a member of the Senior Leadership Team (SLT) of the Argyll and Bute Health and Social Care Partnership (HSCP) and have specific accountability for the delivery of social work and social care services ensuring that the statutory duties of the profession are delivered across children's, adult's and justice services.

Partnership working takes place with a wide range of multi-agency professionals including; the Chief Officer, Chief Executive, Elected Members, health and social care managers and practitioners. There are regular meetings with the Chief Executive of Argyll and Bute Council and the Chief Officer of the HSCP.

I am a member of various key groups and committees within the organisation. Clear governance and reporting arrangements are in place. The CSWO provides professional advice and guidance on all social work matters and provides assurance that social work services are being delivered to the best standards and within the required statutory and policy guidelines. Regular performance reporting around risk management is also provided with the CSWO specifically reporting through the Chief Officers Group for Public Protection. The CSWO is the MAPP (Multi-agency public protection arrangements) lead officer and is a member of the Adult Support and Protection and Child Protection Committees. The CSWO continues to have input into NHS Highlands Care Home oversight group which covers both Argyll and Bute and Highland Council areas. The CSWO further reports to the IJB on key changes and developments regarding the social work profession.

During the period covered by this report one of the emerging key issues for the IJB, Council and NHS Highland was undoubtedly the consultation on the National Care Service and anticipation of legislation. It is recognised in terms of governance that the CSWO is working as Head of Service to two employing parent bodies, NHS Highland and Argyll & Bute Council, as well the HSCP. The impact on staff from the two employers could well be different and the democratic process could lead to different views of the National Care Service being taken by the employing parent bodies. This is a level of complexity which requires careful consideration.

There is also a complexity in the relationship with NHS Highland. NHS Highland are involved in different integrated arrangements in Argyll and Bute, an Integrated Joint Board, compared to Highland which uniquely follows a Lead Agency model. This is particularly obvious in Children's Services which are not part of NHS Highland's remit in Highland. This is overlaid with a further level of complexity given that nearly all specialist services, such as for example CAMHS inpatient, are provided by NHS Greater Glasgow and Clyde.

As CSWO I am also involved in a number of national groups. These include: chairing Social Work Scotland's (SWS) Workforce and Resources Standing Committee and as such I am a member of the SWS Board, 'sponsoring' one of Scottish Government's national groups on children's mental health, membership of the national steering group for the Scottish Child Interview Model, and membership

of the Remote and Island CSWOs group. Importantly, and as touched on in the introduction, these allow the issues of remote and island practice to be brought to bear on the national stage.

3. Service Quality and Performance

Service quality and performance is managed on an ongoing basis and in several ways. This is in line with the discharge arrangements of the CSWO and the requirement to manage the performance and quality of social work services being delivered.

The CSWO has continued to attend the key service performance and improvement meetings including Clinical and Care Governance, the Chief Officers Group for Public Protection, Child Protection Committee, Adult Support and Protection Committee and the Care Home Oversight Group etc. A daily huddle has been stepped up and down a number of times over the course of the year as the pandemic has waxed and waned. Often this huddle focused on the interface between acute hospital care and care home / care at home. As mentioned in the introduction, as time has progressed it is clear that issues are increasingly surrounding chronic difficulties of resourcing services – most particularly the human resources – rather than the impact of the pandemic.

During the period covered by this report there have been discussions to consider how to dovetail the assurance mechanisms above with the Clinical and Care Governance processes of the HSCP. The hope is that a synergy can be achieved and dangers of duplication and over scrutiny can be avoided. These discussions will be concluded during the course of the next reporting period.

Performance monitoring has also been thorough during the pandemic and we have contributed to all statistical data requests from the Scottish Government. Variations between localities within Argyll and Bute have been recognised and reflected on. It is equally interesting to note factors which have not been affected to any great degree by the pandemic. For example, Child Protection numbers have remained relatively consistent with previous patterns.

Data within an authority with a small population must always be treated carefully. A small variation in numbers can look significant when presented as percentages. Significant percentage falls or increases must be examined to uncover the complex human narratives which often lie behind the numbers.

As we look forward we must move away from terminology such as ‘grip and control’ which has been imported from other organisations. Quality assurance requires the buy in of all our staff and service users and a move to self-evaluation and truly reflective practice. We must free our staff from the ‘fear’ of current audit and inspection models, releasing their innovative potential. Indeed as we try to develop co-production of services with our communities, self-evaluation would seem to be the only viable way forward. This is of course the anti-thesis of ‘grip and control’ from the centre. As such locality planning structures are going to be important as we progress these aims. I chair the Locality Planning Group for Mid Argyll, Kintyre and Islay.

Adult Services

Social Work

Adult Social Work supports people from the age of 16 + (if not care experienced). Some teams are specialist teams such as Mental Health, Substance Misuse, Sensory Impairment, Learning Disabilities and Dementia. Within the Operations teams, we support people with Physical Disabilities, Acquired Brain Injuries and mainly older people with frailty.

Referrals for social work intervention have reduced year on year since 2019. This date correlates with the implementation of the integrated community referral discussions which identify the most appropriate professional to carry out the initial assessment based on the individual's presentation. This approach ensures that duplication is reduced and the person only has to tell their story once.

	2019/20	2020/21	2021/22
Apr	988	507	623
May	1,083	672	748
Jun	833	781	590
Jul	808	893	630
Aug	878	800	619
Sep	829	916	500
Oct	900	863	534
Nov	864	845	565
Dec	741	731	483
Jan	935	819	451
Feb	870	804	472
Mar	715	834	583
Grand Total	10,444	9,465	6,798

Contrary to the reduction in referrals, the number of assessments completed by social work staff have increased. This increase demonstrates the ongoing intervention that is required from social work staff in relation to protection from harm and support to achieve agreed outcomes. These figures cover all social work assessments inclusive of Adult Support and Protection.

	2019/20	2020/21	2021/22
Apr	1,853	989	1,600
May	2,072	1,177	1,731
Jun	1,625	1,322	1,819
Jul	1,526	1,638	1,651
Aug	1,556	1,489	1,695
Sep	1,515	1,709	1,652
Oct	1,602	1,540	1,574
Nov	1,574	1,555	1,743
Dec	1,308	1,377	1,461
Jan	1,693	1,579	1,422
Feb	1,596	1,576	1,429
Mar	1,325	1,670	1,826
Grand Total	19,245	17,621	19,603

The current electronic recording system is being replaced by a new one, Eclipse. This development is still in transition and will enable a single recording system for community health and social work practitioners. (This system will cover all social work specialisms and many health staff too.)

Work has also been ongoing with the Scottish Social Service Council and a small group of Adult Social Work staff in the Oban locality. This work was to look at the quality of supervision for staff and develop a new supervision contract and agenda. Work is underway to roll this approach to supervision out across all of Social Work in Argyll and Bute and consequently amend the current supervision policy to reflect the changes.

Within Adult Social Work, there are 2 Newly Qualified Social Workers registered with the Supported Year Pilot through Scottish Social Service Council – this aspect of the pilot specifically focuses on newly qualified staff working in island and rural communities.

Work is also underway to increase the capacity of the workforce by reviewing the current learning and development strategy of “Grow our own”. Consideration is being given to studentship and traineeship models in addition to reviewing current models of providing practice educators and assessors.

An Adult Social Work action plan identifying key priorities for the service has been established. This plan includes the need to reduce bureaucracy that has crept into the service over the years and therefore increase social work capacity. Additional priorities within the plan will look to prioritise where the additional funds from the Scottish government to increase social work capacity can be utilised.

Day Services

Day services for older adults were closed from March 2020 until September 2021 due to the pandemic restrictions. The services reopened with a move towards initially providing ‘critical’ respite. The reason for the change in focus was due partly to ensuring operating standards complied with pandemic requirements and partly to fill a gap in service where unpaid carers had limited

support for a period of time. Care is tailored to meet the individual needs of the cared for person and to provide a break for the carer.

Care Homes

Every older adult who is resident within a care home following an assessment of need, had their care needs reviewed in line with national requirements. This included people within care homes situated in Argyll and Bute as well as people from Argyll and Bute who were placed out with the area. A total of 312 reviews were completed.

The number of people placed in care homes rose from 509 in April 2021 to 523 in April 2022. Of those placed, there were 156 people placed out of area in April 2021 and 172 in April 2022.

Of the above figures, 97 people were placed in nursing care at April 2021 and 104 in April 2022. This follows a trend of increasing dependency of people being admitted to care homes, and links to the increased number of people being placed out of area.

These rising figures could of course have been influenced by the pandemic, however it is more likely to be a function of an ageing population.

In January 2022 a new build care home opened in the Helensburgh area. In April 2022 another care home in Helensburgh gave notice of closure. Re-assessments of care requirements for all current residents were completed and alternative accommodation identified. The Care Home Task Force remains the co-ordinating focus for communication with all care home providers within Argyll and Bute.

Care at Home

Throughout the pandemic period, partnership working across the internal and external care at home services has increased considerably.

All organisations are finding it increasingly challenging to attract and retain staff.

Home care can enable older people to remain safely at home when they may otherwise be unable to cope. Local Authorities have a duty to provide or arrange 'Home Care' support to people who need this under the Social Work (Scotland) Act 1968.

The necessary targeting of statutory support towards those with critical levels of need has resulted in a gradual reduction in the numbers of older people receiving local authority funded home care, with the use of eligibility criteria to assist in equitably managing demand. Internally during 2022 the service engaged additional management capacity to manage and improve care at home standards. Given the context of there being more people needing services than people able to meet that need, it is hard to envisage that national aspirations to remove the use of eligibility criteria will be achieved. There will be a continued need to prioritise.

In April 2021, 1123 people aged over 65 years were in receipt of care at home support. This figure has reduced to 1043 in 2022 however the level of unmet need has increased from 82 hours 'unmet need' in April 2021 to 253.5 hours of unmet need and 114.8 hours of partially met in April 2022.

There has been a slight increase in people choosing to have care provided through Self-Directed Support option 4 from 97 in 2021 to 104 in 2022.

Use of agency staff across the areas has enabled some additional capacity within the system however several recruitment drives have resulted in few, if any applications for care at home posts. Redesign and collaborative commissioning models are required for care at home.

Support for Carers

An increase in Carers Act funding allowed us to supplement our social work team budgets to support short breaks, and enable our 6 Carer centres to offer flexible support to reach Carers across Argyll and Bute.

During the last year we have consulted and held focus groups, gathering greater feedback on Adult Carer short break provision and how our young carers access and use the support services available to them.

We have increased our short break capacity and developed a mobile App to assist our young carers to engage more readily.

We have supported the growth of our Parent carer groups and started developing Carer support on our Islands along with tailored peers support groups.

We have noticed a significant increase in Adult Carer Support and Young Carer statements during the past year and expect this to continue rising.

As a partnership we have increased our Carer focus and promote the preventative support offered through our funded Carer Centres. We promoted and celebrated both Young Carers and Carers week through increased communications across our media sites.

Our Carers Act Implementation group continues to meet on a regular basis to monitor progress, share information, monitor trends, and identify any issues that arise.

We successfully recruited and now have two carer representatives sitting on the IJB.

Areas of Transformation and Challenge

- **Care Homes and Housing Programme Board**
This significant area of redesign has looked at need, demand and modelling. A structural review of internal care homes has been commissioned following increased repair and maintenance requirements and the need to increase the number of nursing home places available across Argyll and Bute. The outcome of these surveys will be considered in 2022.
- **Dementia Redesign**
Work to redesign the enhanced dementia service, pathways and processes is fully underway and work continuing to benchmark ourselves against the key commitments of the national dementia strategy. A dementia strategy group will be established for Argyll and Bute in 2022 to encourage a wider ownership of dementia across a range of services and communities. As part of this redesign, an Older Adult and Dementia Reference Group was established of interested older people to link directly and comment on any service developments relating

to older people. This group is chaired independently by Alzheimer Scotland on behalf of the HSCP.

- **Right Care, Right Time**

The national programme and expectations of unscheduled care are embedded within this work which is inclusive of social work and social care services. This wide programme of work involves many of our community services with areas of redesign linking to national key performance indicators.

- **Falls prevention**

Funding has been secured to allow for the permanent operation of our pilot Responder Service. Increased capacity within the community responder services has been developed to begin to deliver a service over a 24 hour period to support uninjured fallers and ensure they are not inappropriately admitted to hospital, but supported to remain safely at home.

- **Mobile teams**

Development of a mobile team of carers as a front end to care at home service has been developed, enabling a rapid response to both hospital discharges and community emergencies and staff sickness.

Adult Support and Protection

Last year the Partnership was subject to a joint inspection of adult support and protection (ASP), one of 26 adult support and protection inspections to be completed between 2020 and 2023.

Such inspections aim to provide national assurance about individual local partnership areas' effective operations of ASP key processes, and leadership for ASP.

The inspection addressed 2 key Questions

- How good were the partnership's key processes for adult support and protection?
- How good was the partnership's strategic leadership for adult support and protection?

The findings from the Inspection focussed on a range of issues and now comprise an Improvement Plan. The areas examined included Chronologies, Risk Assessment and Protection Plans, Three Point Test and Capacity Assessment, Case Conferences and Reviews and timescales, Second Worker Guidance, Fire and Rescue inclusion and development, and further training and development.

The full report can be found at:

[Argyll-and-Bute-adult-support-protection-report.pdf](#)

The Inspection was predominantly positive and recognised interagency practice, a clear focus on protection issues, and good leadership from the Chief Officers Group.

Following the inspection there was a frank and robust exchange of feedback with the Care Inspectorate on the process of the inspection and in particular the issue of proportionality. For example the current process requires the same number of casefiles to be presented whether a big urban authority or an authority with a smaller population like Argyll and Bute. Resulting in cities providing a sample of files and Argyll and Bute effectively having to present all our files.

The inspection Improvement plan is supported by the Adult Protection Committee (APC) together with the wider adult support and protection development agenda. APC partners play a full and comprehensive role in the widening adult protection agenda and we continue to receive valuable

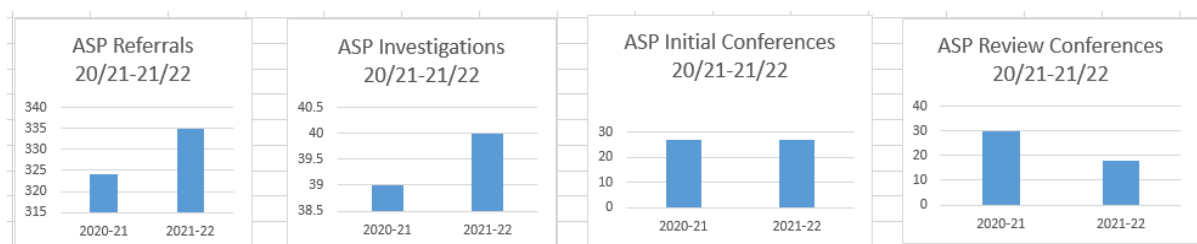
support from colleagues throughout the Health and Social Care Partnership, Police Scotland, the wider NHS Highland, the Scottish Fire and Rescue Service, the Care Inspectorate, the voluntary and independent sectors, and Advocacy services.

Financial harm continues to be a significant concern within the context of Adult Protection, nationally and locally, as scamming and other types of financial abuse become ever more sophisticated. In recognising this we have rolled out learning and development opportunities for the partnership workforce and our APC partners as a priority. General awareness training has also been resumed across the county to ensure that everyone involved in supporting vulnerable people understand their role.

Ensuring the population of Argyll and Bute is supported and protected under ASP legislation, and that policies and procedures for intervention remain robust and effective has continued to be challenging owing to the pandemic. Such challenges have included home working, office closures, access to home visits, safety and a changed environment. Restrictions on staff activity has been difficult and The Adult Protection Committee and the Partnership’s senior management have prioritised addressing this.

The ASP Committee has continued to meet regularly examining issues and current challenges, developing audit, and the Improvement Plan. Close working between the Independent Chairs and committees of the Child Protection, Adult Support and Protection committees and the Alcohol and Drug partnership continues. The overarching learning and development agenda has continued through the pandemic period.

Adult protection data demonstrates an increase in ASP referrals from last year to this, a slight increase in investigations, however the number of conferences has remained the same. As mentioned elsewhere within this report it is important to carefully consider data within the context of a geographical area with a small population as small changes in number can superficially appear as significant percentage changes.



(Data Source- Carefirst/ Business Objects Report)

Mental Health & Addictions

It is a reflection on the integrated nature of services in Argyll and Bute that it is difficult to comment on social work, or indeed social care, in isolation within this part of the report. Our services and those of health are deeply intertwined. A number of the developments noted are primarily staffed by health colleagues yet are inextricably providing a social service. It is of course recognised that there is also an imperative in such integrated arrangements to assert the expertise which social work brings to these services.

Argyll and Bute now has a well-established primary care mental health team who are well embedded in our localities to provide tier 1 and tier 2 interventions for those experiencing a mild to moderate mental health concern. The team are planning a pilot of self-referral. In addition, through the Scottish Government Recovery and Renewal Agenda, a Local Programme board will be developed to further expand the primary care model to encapsulate a wider remit of relevant services and practitioners to meet the needs of the local communities and in line with Scottish Government directive and funding.

Argyll and Bute HSCP were a national accelerator site with NHS Highland supporting the Early Interventions in Psychosis Work Stream in collaboration with Healthcare Improvement Scotland/SGHD. Following conclusion of stage one we were unable to commit to stage two due to a combination of pandemic pressures and staffing challenges. We remain an interested party and hope to become an early adopter site in the future

The Specialist nurse for homeless/mental health and addictions hosted in the substance misuse team and funded through by housing colleagues within the rapid rehousing strategy has been extended for a further year. The post is a valuable bridging post to support our most vulnerable clients by providing the best support to ensuring a successful tenancy.

We have recruited to the Perinatal Advanced Nurse Practitioner (ANP), and training is well under way within the ANP training framework. The post holder is able to offer assessment, support and guidance to practitioners, and in reach to the mother and baby unit if required. Key to this development in perinatal and infant mental health is increasing the knowledge, understanding and skills of practitioners who are present on our island and in our remote communities. Those practitioners could come from maternity, health visiting or social work. There is a specialism of being able to work generically in remote and island contexts.

The Urgent and Emergency Care Mental Health team are fully embedded across 3 of our localities. Helensburgh and Lomond remain under the Service Level Agreement with NHS Greater Glasgow & Clyde however as part of the Action 15 funding a worker has been appointed in Helensburgh and there is access to the Personality Disorder (MBT) service for local residents. This of course perhaps exemplifies the complexity of providing services from the doorstep of Glasgow through to the islands well out in the Atlantic. There are a diversity of solutions required to meet need within local contexts.

The Scottish Government quarterly reporting has now ceased and Argyll and Bute fully achieved the commitment of 14.8 wte practitioners by Spring 2022. The team works across A&B to ensure, where able, we can meet the 2 hours initial contact time and ensure a robust and supportive assessment to those presenting with mental health concerns in distress. The team will also coordinate on ward care, provide increased support to prevent admission ensuring person centred compassionate care or provide escort when required to those detained under the Mental Health (Scotland) Act to the inpatient facility.

The Argyll and Bute Addiction Team covers all 4 localities of Argyll and Bute. It is an integrated health and social care service consisting, when fully staffed, of one consultant psychiatrist 12 nurses, 2 social workers and 1 support worker with administrative support centrally within Lochgilphead.

A business case has been submitted to support the roll out of Medication Assisted Treatments to support same day prescribing and support to those in need. The pilot area is Cowal and Bute due to the increasing need evidenced in this area of Argyll and Bute.

A Substance Liaison post has also been extended for a further year. This has proven to provide a valuable support to our local Rural General Hospital and has collaborated well with our urgent and emergency Mental Health teams across Argyll and Bute to develop quick access and support to those people presenting with substance or alcohol concerns. It is of course noted that the short term funding of such posts is problematic and can often lead to recruitment difficulties.

Recruitment of mental health practitioners, from all professional backgrounds, remains challenging. MHO recruitment at first line manager level remains a concern, however we recently appointed a Social Work MHO operational manager for our MHO and MH social workers to ensure the availability of specialist support, oversight and strong leadership to our teams.

Mental Health (Care and Treatment) (Scotland) Act 2005

Despite the considerable challenges of the pandemic, consent to detention for Mental Health Officers continued to be a priority for MHO's and all people detained using a short term detention certificate in Argyll and Bute, were assessed in person.

There continues to be challenges in consenting to emergency detention certificates, particularly out of hours as there is only 1 MHO covering the very large geographical area.

There are 13 Mental Health officers working in Argyll and Bute.

In 2019/2020 33 people were detained under an Emergency Detention Certificate and 48 people detained under a Short Term Detention Certificate.

In 2020/2021 41 people were detained under an Emergency Detention Certificate and 62 people detained under a Short Term Detention Certificate which is an increase of 24.2% and 29.2% respectively.

As yet we do not have the equivalent figures for 2021/2022 however anecdotally do not expect any reduction on the previous year's figures.

Approximately 60% of our MHO's are in team leader or management positions, resulting in continued challenges in having sufficient MHO's to complete all the statutory work required.

Although there were no MHO's required to shield during pandemic, there were staffing challenges at points due to staff requiring to isolate.

Argyll and Bute were successful in achieving Scottish Government funding to support social workers in achieving the MHO award and as such, 2 staff are registered to complete the MHO programme this coming year. Due to ongoing challenges during the pandemic there were no applicants to complete the course for year 2021/2022.

Additional Scottish Government funding was received to support the MHO service. As such it has been possible to second an MHO to the Adult Support and Protection Team. This has been invaluable in dealing with a significant number of mental health referrals to the ASP team.

Adults with Incapacity (Scotland) Act 2000

There is no waiting list for the completion of MHO reports requested for private or local authority guardianship orders.

Due to the pandemic, "Stop the clock" legislation was introduced as the courts were only hearing urgent interim guardianship cases due to staffing challenges with doctors, MHO's, court staff among

others. Therefore, to avoid guardianships that would have been renewed during that period expiring, 176 days were added to the expiry of guardianship orders between 7/4/2020 and 30/9/2020. This has allowed additional time to complete renewal of orders.

Argyll and Bute presently have 173 private welfare guardianship orders and 36 CSWO welfare guardianship orders.

Under section 10 (1) (a) of the AWI act, the local authority has a duty to supervise welfare guardians. Last year, 73% of supervision of guardianships were completed within the required timeframe. This was only possible following considerable effort by social work staff. Despite the ongoing challenges within social work, 52% of guardianships have been supervised within the statutory timescales this year, with priority being given to the supervision of CSWO guardianship orders. Improving these figures will be a priority in the coming year.

Learning Disability, Autism and Transitions, Sensory Impairment Services.

Work continues on the repatriation of individuals who are currently placed out with the Argyll and Bute area. As was reported last year this is challenging as it brings with it the requirement for additional local specialist resources and provision. Despite these considerable challenges we remain committed to exploring and developing services to meet these identified needs.

A Reviewing Officer post has been created to focus primarily on 'out of area' placements, contracting/commissioning across the sector and on developing new models of accommodation and support services within A&B. Work continues with key partners in housing and third sector including Affinity, Enable, Key Housing, Scottish Autism and Cornerstone.

Examples of development and active service improvement are the in-year establishment of two 3 person Houses of Multiple Occupancy with Enable and Scottish Autism in Lochgilphead and Helensburgh and in recent months a 6 person new-build Independent Living with support in Dunbeg. Additionally we are working in partnership with local housing providers and The Safe as Houses Organisation to redevelop/convert a mainstream facility and grounds in Rothesay into a Learning Disability/Autism adapted 6 person specialist accommodation service. Other turnover may allow 'opportunistic' changes within existing accommodation provision which will also support the improvement of our 'estate' for residents with a range of care, protection, and wider support needs.

Since October 2021 we have been undertaking a root and branch review and redesign of our 5 in-house day services and 1 internal Supported Living unit. This should conclude during the summer of 2022.

During the reporting period 2021/2022 there were staffing issues of long term absence and turnover within our Visually Impaired Service. Work is continuing to overcome these.

At the point of the last CSWOs report there was some debate on an Autism Strategy for Argyll and Bute. There has been considerable reflection over the year. It is clear having spoken at length to colleagues that the requirement is to move towards a much wider perspective. We require a neurodevelopmental or neuro-diverse strategy which also encompasses complex multiple diagnoses. There needs to be greater recognition of the whole spectrum of need from those in need of little support through to those requiring residential care. There needs to be a whole life approach from potentially childhood diagnoses, through transition out of school into adult support structures and

into older age. This work will necessarily be integrated with efforts on the part of health colleagues to develop parallel clinical pathways.

Children & Families and Justice Social Work

The Children & Families Service includes Social Work, Youth Justice, Children's Resources, Child Poverty, Child Health, Paediatric Allied Health Professionals, Child and Adolescent Mental Health (CAMHS) and Maternity Services. Within the organisational structures of the Argyll and Bute's HSCP, Justice Services, Community Justice and Violence Women and Girls also sit within this same department.

Justice Services

Justice Social Work services have continued to face the challenge of changes to the volume of work caused mainly by the imposition and lifting of pandemic restrictions. During the time period of this report particular challenges included servicing a back log of cases being dealt with by the court system and managing pandemic restrictions on the type of unpaid work that could be undertaken. These challenges appear to have been predominantly met through the hard work and imagination of the staff involved. During the time relevant for this report it was noted that Argyll and Bute had the second highest remand rate in Scotland. It is yet to be seen whether the introduction of Electronic Bail Monitoring, in the next reporting period, will improve or indeed potentially worsen this trend.

Justice Social Work continues to provide statutory supervision to offenders via Community Payback Orders (CPO) and assists community reintegration and rehabilitation from prison via post release supervision. The service also provides assessment reports to the Courts and Parole Board and participates in the Multi Agency Public Protection Arrangements (MAPPA) which aim to manage the risk posed by violent and sexual offenders. The service works with other agencies, both within the HSCP and beyond, including Police Scotland, the Scottish Prison Service, NHS Highland, NHS Greater Glasgow & Clyde and a range of third sector providers.

It is acknowledged that during the time frame relevant to this report there was a developing debate on information sharing agreements between social work and police and in particular the level of vetting social work staff would require in order to use the shared IT system. This is a matter which remains unresolved however at the time of this report there were no adverse effects locally caused by these discussions. This is a testament to the strong relationships between the key personnel in Argyll and Bute Justice Services and L Division of Police Scotland.

While the pandemic has continued to pose challenges in service delivery it has also created opportunities to change the way that the service operates. This in the main has included an increased use of digital technologies, and we are continuing to embrace aspects of this in day to day work. The service faced the challenge of repeated changes in volume of work as the pandemic progressed but the service maintained performance targets throughout. Additional temporary staff were recruited via the Scottish Government's pandemic recovery grant which supported an increase in unpaid work delivery as well as increased capacity to meet the demands of the Courts and community orders. Additional services aimed at making a positive impact on unpaid work termed 'other activity' were obtained from Sacro's CPO Connect Service, as well as local partnerships with University of Highlands

and Islands and the Open University in the delivery of online learning. This has been positive and has continued as we move out of the pandemic.

With the increased focus on new policy initiatives, i.e. bail supervision, Electronic Monitoring bail, Justice Social Work Service has expanded and a further Practice Lead was appointed early 2022. This post has been a welcome addition with the main focus on enhancing service delivery in respect of bail supervision, diversion from prosecution, development of a bespoke women's service and increasing the uptake of voluntary through care. This development will improve the range of quality and effective services to those at all pathways into and out of the justice system, and is closely aligned with our Community Justice Strategic Plan.

One key area of practice development over the past year has been the development of improved assessment and interventions for perpetrators of domestic abuse. This links with the Equally Safe and Violence against Women and Girls strategies which outline the requirement to deliver robust, high quality and evidence based interventions for perpetrators of domestic abuse. It is hoped that this will act as preparatory work for the national rollout of Caledonian Programme by Scottish Government. Justice Social Work remains a key partner in Argyll & Bute's Violence against Women and Girls Partnership, with the responsibility for this area of work being in the portfolio of the Senior Manager, Justice. MARAC is now firmly embedded as a practice model within Argyll & Bute and the Senior Manager, Justice attends Police Scotland L Division MATAC meetings. The service is also involved in local Decision Making Forums around DSDAS referrals. The work undertaken in Justice Social Work around gender based violence is a key element of Argyll and Bute's Transforming Responses to Violence Against Women and Girls Project which aims to implement the Safe and Together Model across the local authority.

Community Justice

In Argyll and Bute Community Justice works very closely and harmoniously with Justice Social Work services. For the period 2021 to 2022 we shared a Community Justice Co-ordinator with neighbouring West Dunbartonshire. Plans are in place to recruit to a full time post concentrating solely on Argyll and Bute.

During 2021-2022, community justice activity focussed on five main areas: Justice Social Work (community justice) delivery plan; Aligning community justice and violence against women and girls planning and activity; Prison Custody to Community Pathway; Aligning Alcohol and Drugs planning and activity; and, Strengthening the Community Justice Partnership.

Key areas of progress include:

- Argyll & Bute Justice Social Work Service draft community justice delivery plan developed and is now aligned to the new National Community Justice Strategy. It was published just outside this reporting period in June 2022
- Argyll & Bute Community Justice Partnership supplemented Delivering Equally Safe funding to ensure a 2 year research project, associated with the roll out of Safe and Together, could be commissioned and delivered. The Equally Safe Standards Priority 4 focus on perpetrator interventions and staff development will be included in Community Justice Partnership strategic planning and delivery considerations
- Argyll & Bute pathway for citizens returning to communities from prisons located across Scotland has undergone a review. Small funds provided by the Corra Foundation will

facilitate commissioning of third sector to meet gaps for the next year or so, however, sourcing longer term funding will be a key area of consideration for the Community Justice Partnership. Third sector support will be commissioned jointly with Justice Social Work to fully maximise available funds

- Argyll & Bute Alcohol and Drugs Partnership response to the refreshed approach to the Rights, Respect and Recovery and to the work of the Drugs Death Taskforce continues to examine and develop the relationship with justice settings. Cross cutting themes including access to services and rehabilitation, reducing drug deaths and services to young people and the links to the justice system are key areas of focus in the development of our new local Community Justice Outcome Improvement Plan
- Argyll and Bute Community Justice Partnership representatives changed significantly and as a result have been revisiting the key statutory duties, considering focus and priorities, and, governance arrangements in preparation for the revised National Community Justice Strategy (published June 2022) and Performance Improvement Framework (awaiting publication)

Challenges:

- The current national Community Justice Strategy takes a general approach to populations however does not reflect the needs of delivering to remote, rural and island communities. Cognisance should be given to the Islands Act and the requirement for an Island Community Impact Assessment to ensure national policy and initiatives do not inadvertently adversely affect those communities.

Children & Families

The Children and Families Management Team model aligns management, professional and clinical leadership and strengthens oversight of the services and the accountability of managers and staff. The service is underpinned and delivered in line with the Getting it Right for Every Child (GIRFEC) Framework and The Promise.

Over 2021 – 2022 there has been a great deal of consolidation and development work. Consideration has been given to the updated National Child Protection Guidance, to the refresh of GIRFEC, to the potential place of Children's Services within the proposed National Care Service. Staff from Argyll and Bute have been heavily involved in national and local debate on the efficacy of the Scottish Child Interview Model (SCIM) within remote and island communities. The roll out of the programme designed to insure a trauma informed work force has continued as has the investment on training a cohort of staff in Dyadic Development Psychotherapy (DDP).

As noted in last year's CSWO report, Getting it Right for Every Child (GIRFEC) Collective Leadership Programme commenced pre-pandemic and worked with leaders across children's services in Argyll and Bute to examine the content, structure and delivery of GIRFEC. Part of this work involved undertaking a range of supported evaluation interventions which provided a detailed analysis and understanding of how well GIRFEC was embedded across the partnership, drawing on evidence from partners and a wide range of practitioners, children, young people, parents and carers on their perspective of the children's services system.

The 2020 – 2023 Children and Young People's Service Plan (CYPSP 2020/23) was developed throughout the pandemic and much of the GIRFEC leadership work supported its development. The CYPSP 2020/23 is set within the context of four strategic priorities; strategic leadership, early help & support, mental health & wellbeing, strengthening the voice of children & young people. To evidence

improvements in practice the Plan adopts a Quality Improvement approach supporting us to achieve our aim of improving outcomes for children and young people. Quality Improvement is a systematic approach using specific methods to improve quality; achieving successful and sustained improvement.

There is a continuing commitment to the use of this improvement methodology to support transformational changes. It is, however, recognised that there has been drift in this over the period of the pandemic, with staff deployed into core health and social services or having moved on. It is anticipated that efforts will be refreshed in the coming year. In particular to ensure those in leadership positions have the knowledge to push improvements forward. This will further support efforts to move from a model of auditing practice which is often top down towards a self-evaluation model of quality improvement and development. There has been success in engaging young people but further work is required to fully engage communities through the Locality Planning process and other means.

Progress for Year 2 of the CYPSP 2020/23 is fed back separately from the CSWO report and is currently being presented to the necessary partnership governance bodies prior to submission to Scottish Government.

The Promise – two Years On

The Promise outlines an ambitious and far reaching change programme to transform the Scottish care system and to reduce the numbers of children requiring to be cared for by redesigning community supports to families where children are at risk of coming into care and to reduce the numbers of children in the care system by transforming services in support of parent's and carers particularly those with mental health, addictions or learning difficulties and those parents at risk of custody or in prison. Significantly many of those services have already touched on in this CSWO report.

To celebrate the second year of the Promise, Argyll and Bute's Children Strategic group undertook a detailed self-evaluation against the priorities of Change Programme One; this noted particular strength in terms of moving to a trauma responsive workforce, education attainment, attendance and driving out exclusions.

There has been wide engagement in Trauma Training across the children's workforce and Dyadic Developmental Psychotherapy (DDP) and its PACE approach training has been delivered to foster and kinship carers and residential staff. All of the Family Placement team are now trained to level one in DDP which is helping shape and improve our support for foster carers and kinship carers.

Linked to the Promise the past year has seen us move away from institutional and stigmatising language in how we write and talk about care experienced children and young people and we have committed to ending the using the 15 words or phrases our care experienced children and young people have identified a priority to change.

In line with the Promise we have begun an evolutionary process of 'changing the balance of care' in Argyll and Bute. The first phase of this is to reduce the reliance on external placements. In common with many local authority areas we are spending large amounts of money on a small number of children in residential placements external to our area. Changing the balance of care is firstly about returning those children we can to care nearer home. Ensuring planning drift does not result in new requests for external placements where earlier intervention is not only best for the child but also for the public purse. Those who do require specialist external placements must have a clear outcomes focus in the planning process and once those outcomes are achieved we should look to internal resources for their continuing care. Over the period of this report there was reduction in the

numbers of young people in external placements, however it is too early to suggest this is the start of a positive trend.

This year we have created a new participation and engagement officer role and we now have developed a network of participation groups across Argyll and Bute – including on our Islands and this is beginning to inform and shape services. In addition we have appointed a care experienced co-chair to the Corporate Parenting Board.

Corporate Parenting

The pandemic has seen us adapting our services to care experienced children and young people due to the changing requirements and guidance and virtual and remote ways of working have become increasingly embedded in practice.

Overall our care experienced children and young people have coped remarkably well with the various impacts of the pandemic and have cooperated fully with changing government guidance and restrictions. We have continued to put them and their needs at the centre of our planning and decision making. We have been able to maintain all key services, albeit in sometimes different ways, and used pre-existing infrastructure to move as much as possible onto virtual platforms; whether this is workers keeping in touch, family time and contact or reviews and meetings.

Our children and young people adapted to this change quite quickly and many report preferring this approach - particularly for meetings and we anticipate making greater use of online and virtual platforms in future.

All our care experienced children have benefitted from personalised education support and the provision of electronic devices to maintain engagement in education. We are increasingly seeing children benefitting from the adoption of Trauma informed approaches within schools and across our workforce.

We continue to drive forward with our 4 strategic improvement priorities supporting implementation of The Promise and the Care Leavers Covenant. These are the key areas where we are determined to make significant changes and improvements specifically for and with care experienced children, young people and adults;

1. We respect and include our children and young people - helping ensure they shape and inform all we do, and that we promote approaches that build on their and their families' and carer's strengths and assets
2. We ensure our children and young people grow up in safe, secure, nurturing and loving homes and we promote and maintain positive relationships
3. We support our children and young people to achieve their potential through lifelong learning, growth and development and the enjoyment of positive mental and physical wellbeing
4. We help ensure our young people move to a positive more independent life when they are ready and we support them on their journey to independence

In delivering these priorities we are incorporating the 5 foundations of The Promise and to encourage and support their implementation across wider children's services planning and with partner agencies;

The work of the Fostering and Adoption Panels and our Kinship Care rs Panel has remained on a virtual platform. Recruitment of carers has continued throughout the year and have been gradually able to re-establish face to face assessment and support, undertaking more assessment work virtually, and delivering virtual training and support groups as restrictions have eased. While we made good progress at the start of the year with the approval of new carers recruitment slowed notably in the latter part of the year.

We are progressing plans to increase our Family Placement Team and improve the assessment and support of kinship carers and our intensive support for carers. Plans are also in place to increase the Through Care and After Care Team. Both these developments are made possible by savings in the spending on external care placements.

Aftercare services continue to support around 100 care experienced young people and adults living in or moving into independence. More young people are choosing continuing care and delaying plans to move towards more independent living, this has enabled many to consolidate their skills and have begun to feel ready to step into independence. It requires to be recognised that while continuing care is an important principle it does mean young people staying in resources for longer and consequently they are unavailable for other young people and clearly there is a financial cost to such practice. This has been managed within current resources up till now however it will become unsustainable without new resources coming on line. We have prioritised keeping in touch with all our care leavers and will expand our service to improve support to young people in continuing care and become involved earlier in the through care journey to improve transitions .

Child Protection

As with all other areas of Scotland, pandemic restrictions continued to create significant challenges throughout 2021 and the start of 2022. This reporting period saw a continuation of much of the work begun in 2020.

Multi-agency operational management groups continued to operate and ensure core child protection services were maintained and functioning within the guidance of the moment. Throughout the pandemic period where it was necessary to see children, young people and their families face to face this was done, however there has been an appropriate embedding of the use of technology to supplement our processes. Some young people and families have given feedback that attending meetings remotely has been less intimidating. As we move forward we can offer more bespoke processes to meet the needs of individuals.

Child Protection data continues to be monitored on a regular basis. As with all data in relation to services covering a small population there requires to be caution in interpreting percentage rises and falls as the number of young people actually involved can be small. Notwithstanding this we have seen a modest drop in the number of young people who, on average, are on the Child Protection Register. It had perhaps been expected that these numbers may have risen with the resumption of face to face school attendance, however that did not materialise. It would be wrong to hypothesise on the basis of a drop from an average of 41 children and young people on the register last year to an average of 35 this year. It is of course still to be seen if this is indeed a trend. It is interesting there was a significant jump of 44% in the number of social work contacts over the same reporting period. However this significant jump in social work activity with children and families did not result in a similar jump in child protection registrations. Number of completed assessments also rose by 10%.

As we moved through the pandemic, the CPC continued to meet online and delivered training in the same way. This has included training for managers & designated CP officers, Care & assessment toolkit training and a rolling programme of level 1 training. It has been noted that attendance rates have increased from pre-pandemic levels. Clearly for an area the size Argyll and Bute this has resulted in vastly reduced travel time and expenditure. Indeed for those living on the islands attending training using Teams takes the period of the meeting rather than potentially overnights away from home. As staff have become more used to the process of remote meetings the efficiency and etiquette of these forums has improved. Of course as we emerge from the pandemic we are starting to consider what the balance of face to face and remote meetings should be. For the time period relevant to this report we were still same way off returning to routine face to face meetings.

CPC has continued to audit Inter-agency Referral Discussion records on a bi-monthly basis, which is a key decision making stage following a child protection referral. The majority of IRDs are now consistently scoring 'Good' or above. This group has also developed the record of discussion in order to provide more guidance to the writer with a clear focus on risk and rationale for decisions made.

CPC continues to offer a monthly 'chat' session to all agency staff involved in child protection and this has been well attended by Police, Social Work, Education, Health and Third sector staff. Subjects of discussion such as working with resistance and challenging families has led to training being provided to promote confidence in this difficult area of practice.

It has recently been noted that there appeared to be a number of case conferences which were taking longer than they should to be convened. During the time period of the report we were still examining why this was happening, however early indications were that there was an administrative and recording issue at the heart of the apparent delays.

Following the tragic death of a young person, COGPP requested that CPC carry out an Initial Case Review (ICR). This ICR will feedback to COGPP in summer 2022. Notwithstanding that we are awaiting the detail of any recommendations, there will be, in line with 'Learning Review Guidance', a Learning Workshop for the professionals involved.

The CPC is continuing to progress the use of data from agencies beyond that contained in Social Work electronic records. Education is now a regular contributor of data to CPC. Work is now on going to improve the data available from Police Scotland and the NHS. Argyll and Bute have been involved in contributing to work on national trends both through the introduction of the National Data Set and through work with CELCIS. Through these efforts work is now being focused on Core Group recording and improving the timescales from the point of initial referral to Initial Case Conference.

Within Argyll and Bute staff are afforded the opportunity to reflect on a particular piece of practice which is presenting a challenge to the multi-agency Team Around the Child. It is proposed such sessions will be developed by the Learning & Development sub group of CPC as part of our ongoing commitment to an Argyll and Bute learning culture.

Implementation of the updated National Child Protection Guidance is being led through a partnership sub-group which meets on a monthly basis. This will continue over the nationally agreed two year implementation period.

A number of Argyll and Bute social work staff, along with Police Scotland colleagues from the area, have been involved in discussions about the roll out of the Scottish Child Interview Model. As CSWO, I am on the national steering group. Along with other island authorities we have raised concerns about the efficacy of the model outside the urban centres of Scotland. Having a smaller specialist

team creates issues due to both our geography and relatively small numbers of joint interviews. During this reporting period we had not concluded on potential adaptations to the model for remote and island practice however were in constructive discussions about the potential dual operation of the current Joint Interview Model and the new Scottish Child Interview Model. It is likely the first social work and police staff will be trained in SCIM during the early part of 2023.

The process through which SCIM was developed demonstrates clearly the need for remote and island needs to be considered at the start of 'national' initiatives. It was clear that the implementation within authorities such as Argyll and Bute, Comhairle Nan Eilean Siar, Orkney or Shetland had not been considered in the initial stages of the SCIM project. As a result there is a huge amount of effort having to be expended later in the process to try to make this model work for us.

Parallel discussions are taking place about the process of Age of Criminal Responsibility Investigation (ACRi) and the Bairns Hoose initiative. Argyll and Bute staff absolutely welcome all these developments and concur with the values which underpin them, however will continue to push for them to be fit for the whole nation and most particularly remote and island based children, young people and their families.

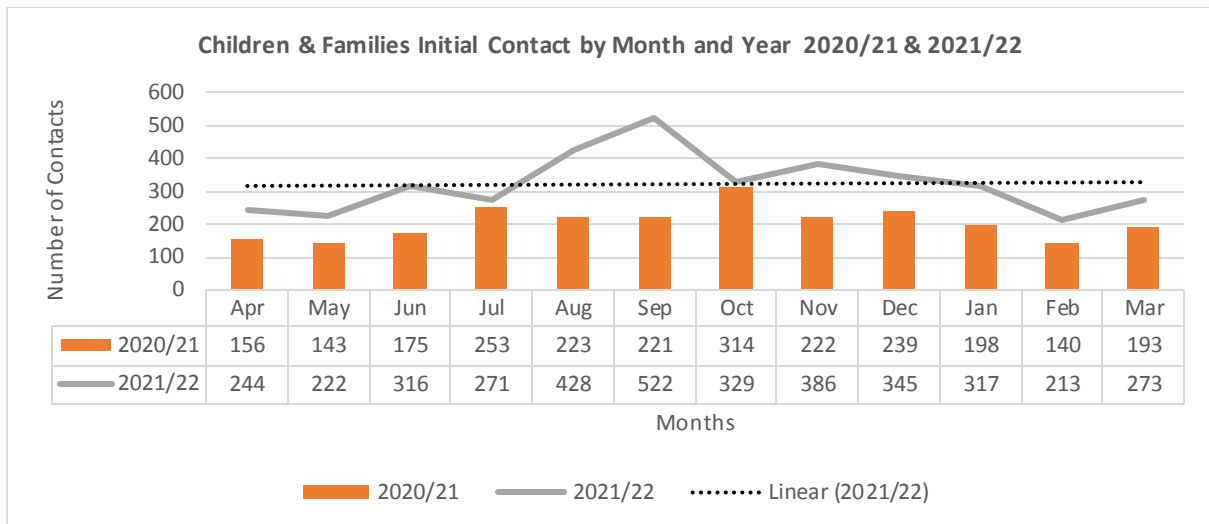
Service Quality and Performance statistical data– including delivery of statutory services

I offer a sample of the available data to give a sense of the social work and social care activity over the reporting period of 2021/2022. As mentioned elsewhere caution is required when interpreting trends within the context of a geographic area with a small population. Other data is offered at other points in the report.

Children & Families Services

Social Work Contacts

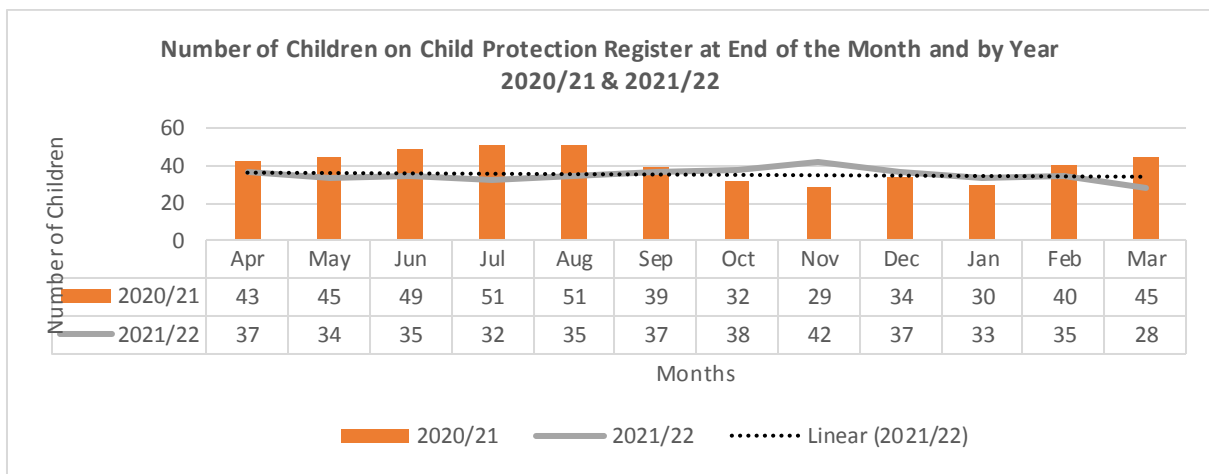
Data with on initial social work contacts for 2021/22 notes an overall increase against the previous year. The average number of contacts for 2020/21 was (206) increasing to (322) in 2021/22 this is a 44% increase. Data trends identify an increase in activity for the periods where national restrictions were eased from July to September (2021/22) and the period November to March 2022 notes a slight reduction, this could in part be attributable to the emergence of the OMICRON variant. Overall linear trend for 2021/22 notes a relatively flat trajectory across the year.



(Data Dashboards 2020/21 & 2021/22)

Child Protection

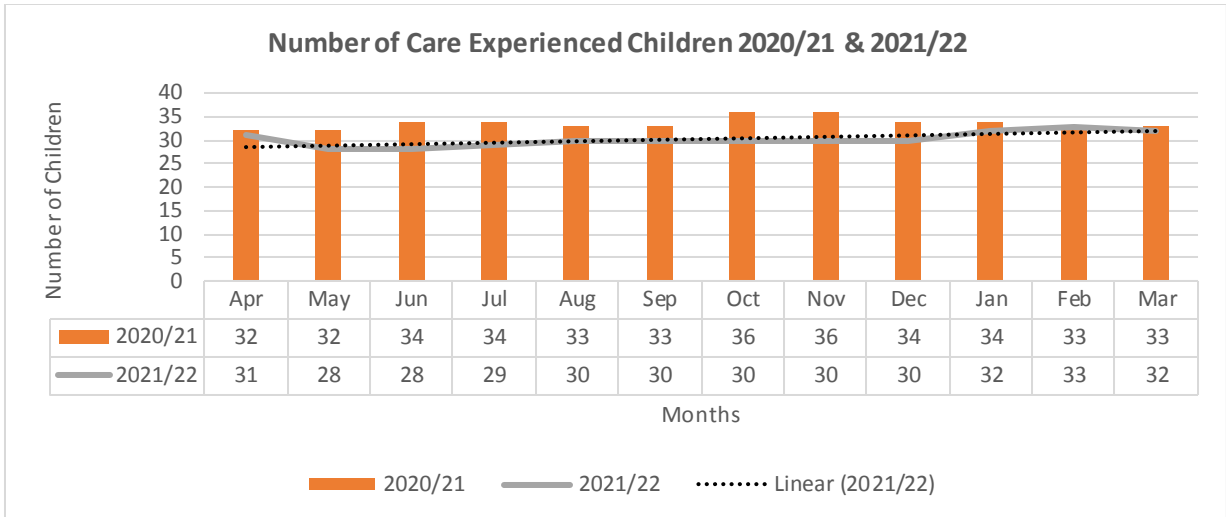
The average numbers of children on the register for 2021/22 (35) against the previous year (41) note a reduction of 16%. In particular the data trend for December 2021 to March 2022, notes a period of reducing numbers of children on the register, this could in part be attributable to the effect of OMICRON on staff and contact.



(Data Dashboards 2020/21 & 2021/22)

Care Experienced Children

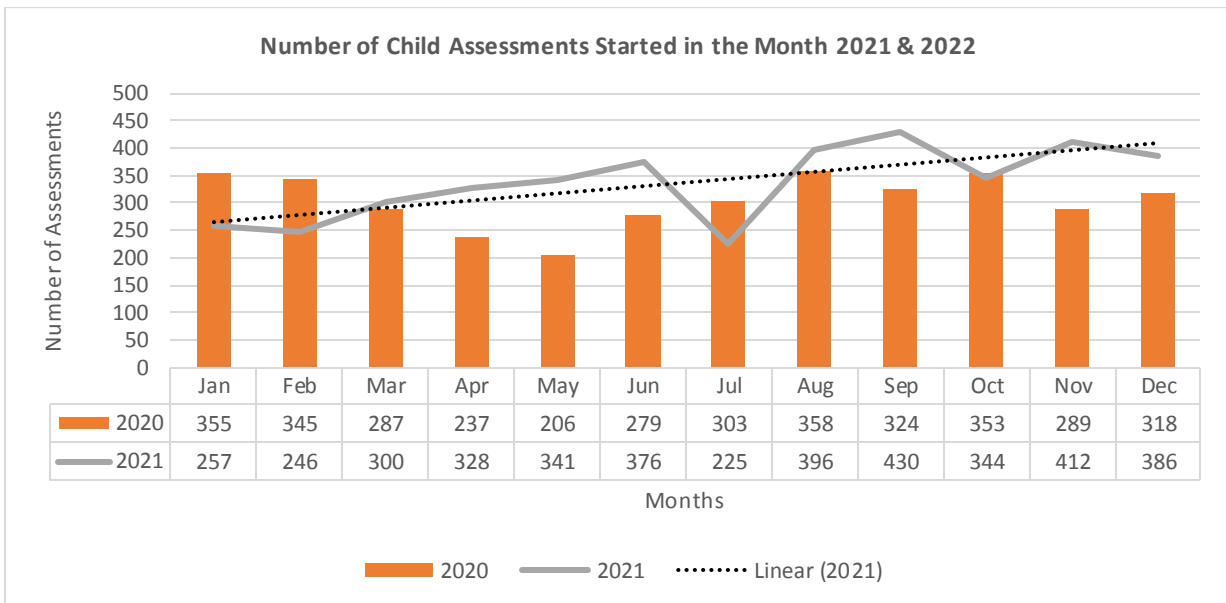
Overall total numbers of care experienced children in each financial year notes an 11% reduction for the period 2021/22 against the previous year. The average number of care experienced children for 2021/22 (38) against previous average of (44) for 2020/21, notes a 15% reduction. The linear trend with regards to data for 2021/22 notes a slightly increase trend.



(Data Dashboards 2020/21 & 2021/22)

Child Assessments

The overall number of assessments started in the month notes a 10% increase for 2022 (4041) against the previous year 2021 (3654). Trend analysis for 2022 notes an increasing trend, variance against this is noted for the months of July, October and December, these could be attributed to seasonal fluctuation across the peak summer months and later in the year affected by the emergence of the OMICRON variant



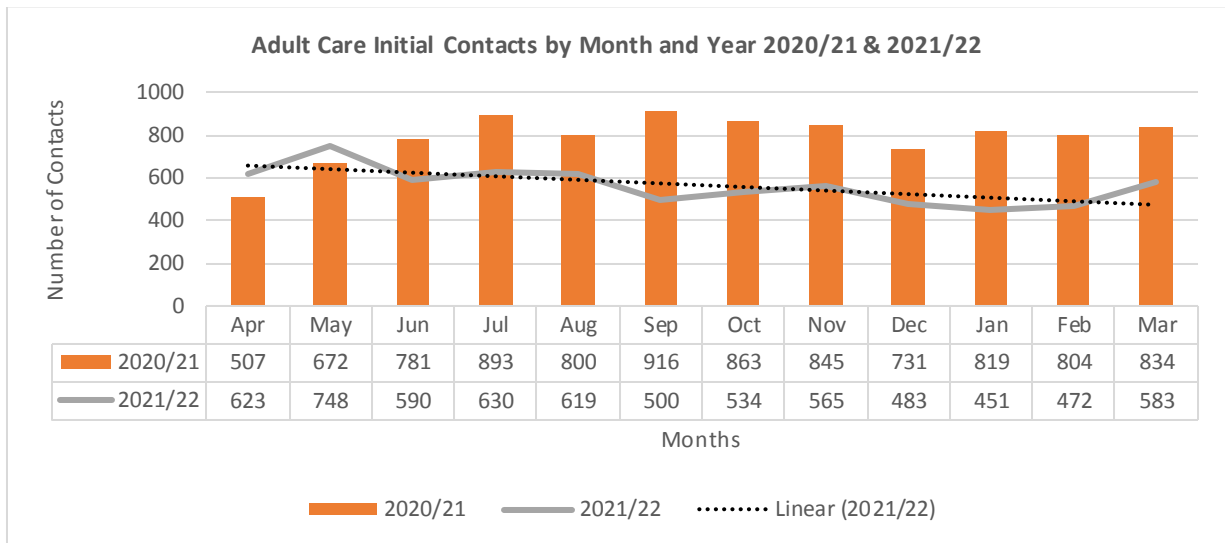
(Data Dashboards 2020/21 & 2021/22)

Adult Services

Social Work Contacts

Data for initial Adult Social Work Contacts notes a 33% reduction in average social work contacts for 2021/22 (567) against the previous year 2020/21 (789). The overall data trend for 2020/21 notes a

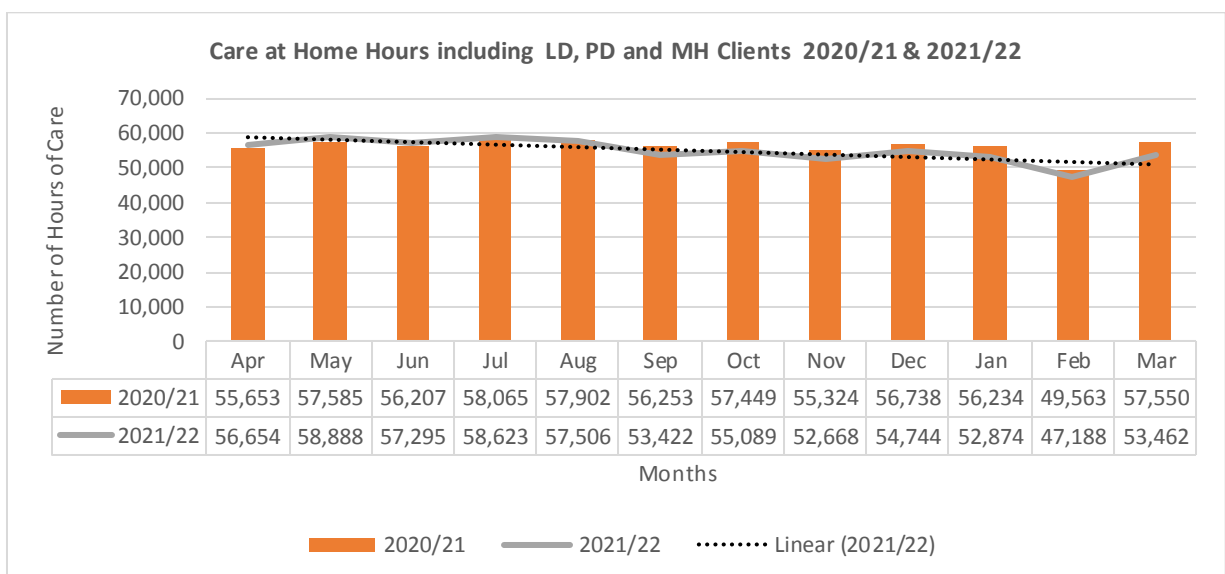
reduction in contacts, in particular from November 2021- February 2022, with a recovery in March above trend.



(Data Dashboards 2020/21 & 2021/22)

Care at Home

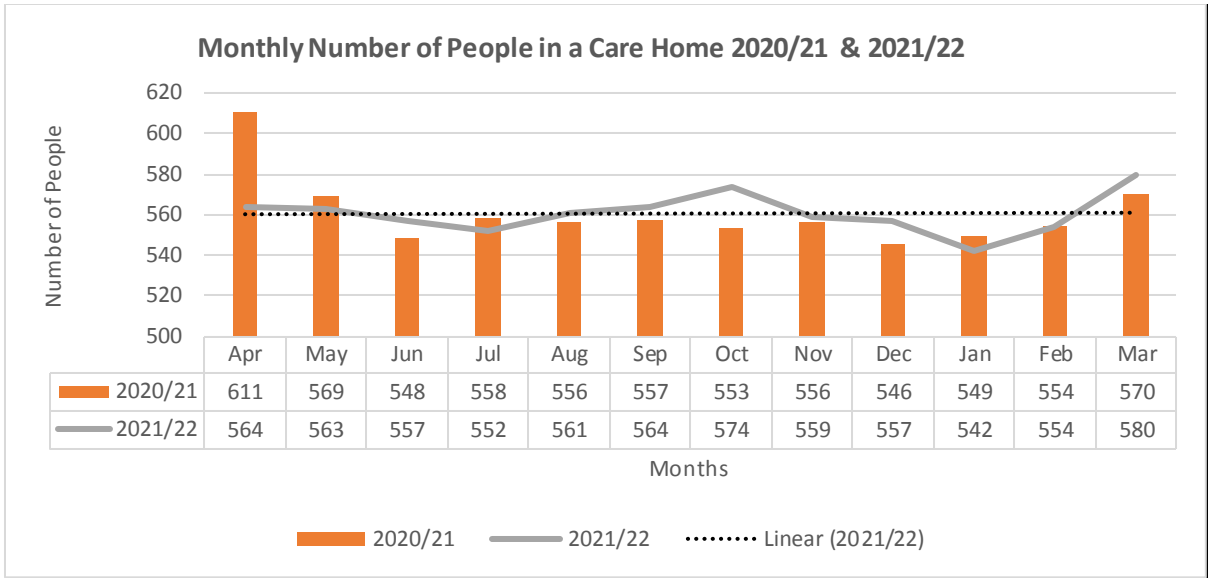
Care at home trends note a 2.4% reduction in total hours for 2020/21 (54,868) against 2021/22 (56,210) and for the months December 2021 to February 2022 this reduction is more evident and may be a result of the emergence of the OMICRON variant, this is partially recovered in March.



(Data Dashboards 2020/21 & 2021/22)

Residential Care

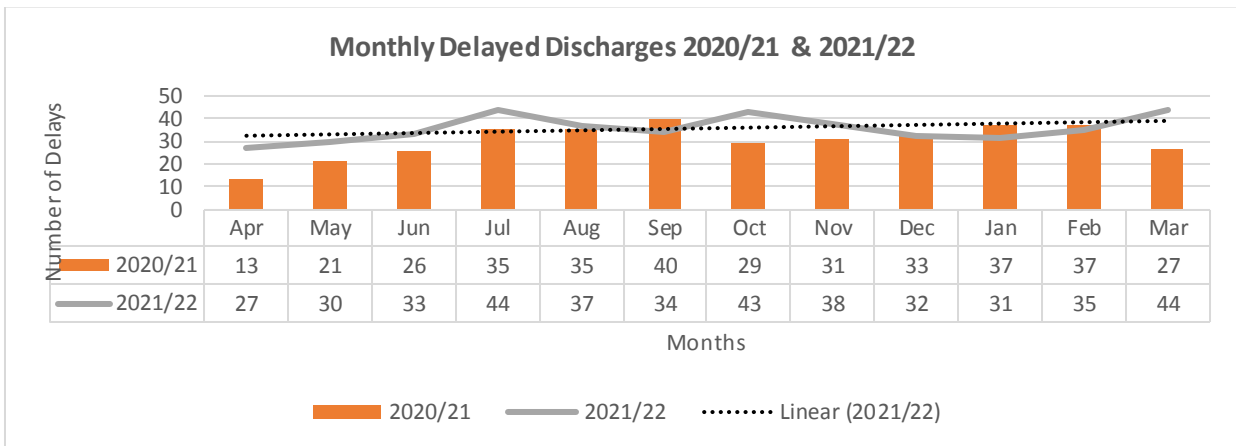
Trend analysis of the data for the monthly Number of People in a Care Home notes an overall 7% reduction a decrease from (844) in 2020/21 to (790) in 2021/22. Across both years there is variation which could be in part an effect of a reduction during 2020/21 with ongoing pandemic restrictions, from July to October 2021/22 there is a slight increase which aligns with the national lifting of some restrictions. From October onwards there is a reducing trend through to January 2022 in line with the emergence of the OMICRON variant.



(Data Dashboards 2020/21 & 2021/22)

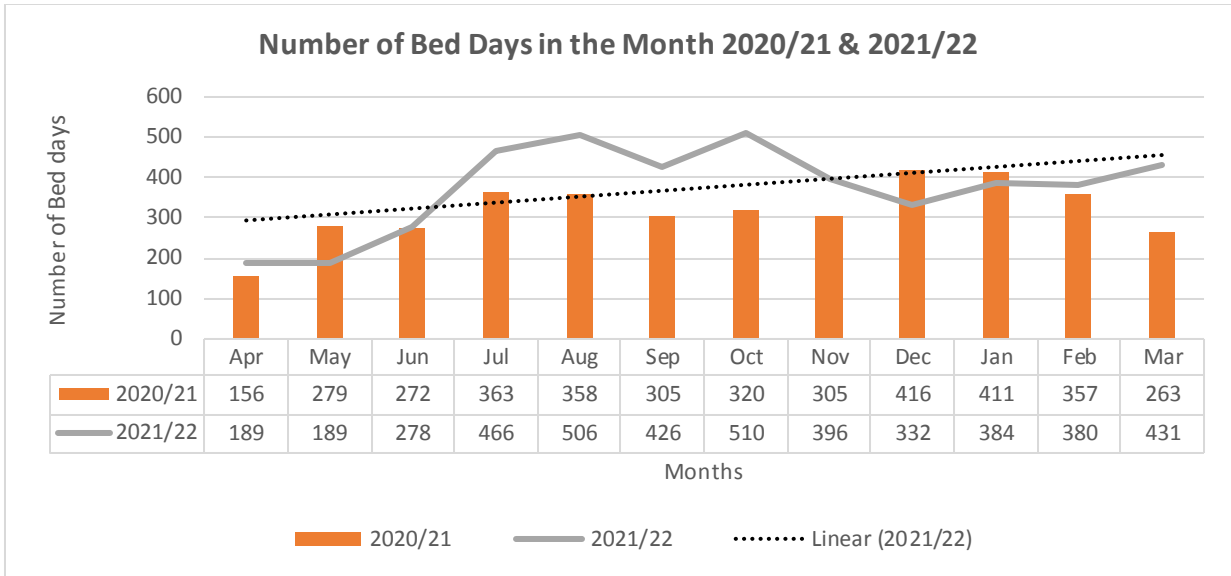
Delayed Discharge

Delayed discharges across both years have remained above the national target, trend analysis across the year notes variable performance against a backdrop of pandemic restrictions for 2020/21 and the emergence of OMICRON in 2021/22. Average delays across both years notes an 18% increase for 2021/22 (36) compared with 2020/21(30).



(Data Dashboards 2020/21 & 2021/22)

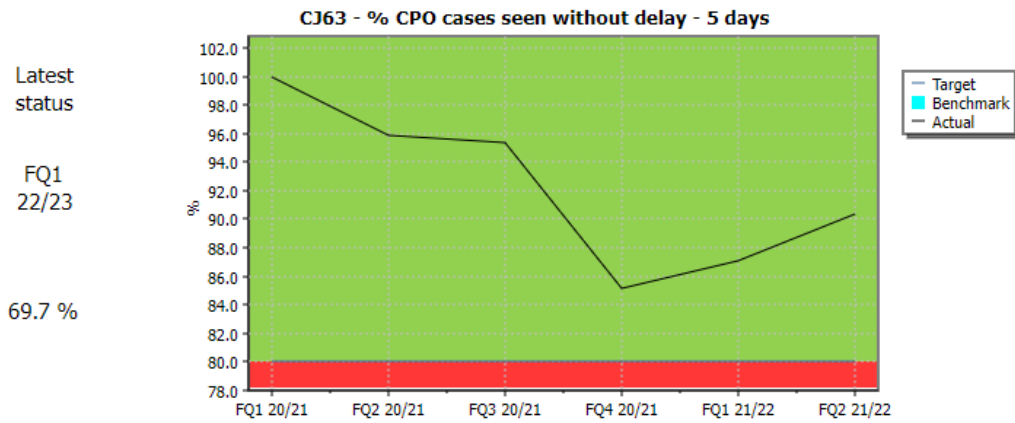
With regards to bed days used trend analysis notes a 16% increase for 2021/22 against the previous year. Peak bed days across 2021/22 notes an increasing trend from May to October which could in part correlate with a reduction in pandemic restrictions nationally and more hospital admissions. From December the number of bed days starts to increase again with the emergence of the OMICRON variant.



(Data Dashboards 2020/21 & 2021/22)

Justice

With regards to Community Payback Orders seen within 5 days the data notes consistent performance above the 80% target for both 2020/21 and 2021/22. There is a general reducing trend across both years and again this could be attributed to COVID19 restrictions for 2020/21 (FQ3 2020/21) and then the emergence of the OMICRON variant for FQ4 2021 which noted a gradual increase but below previous levels.



(Pyramid Balanced Scorecard 2020/21 & 2021/22)

4. Resources

The financial resources for Social Work and Social Care are intrinsically intertwined with the overall HSCP position. The financial year 2021/2022 saw a balanced budget for the HSCP as a whole and indeed we were able to report a small underspend. It is acknowledged that a number of factors contributed to this position including delivery of savings, improved financial management and governance and additional funding allocations from the Scottish Government.

The final revenue outturn for 2021/2022 was an underspend of £682k against the resources available to the HSCP, which totalled £313m. It is noted that the entirety of this underspend was in Social Work Services. This underspend has been retained by the HSCP within its general reserve and it is intended that it will be invested in 2022/2023 on service transformation. These reserves are not ring fenced to Social Work Services. The other important aspect of financial performance during the year was that the HSCP was able to repay the full historical debt balance due to Argyll and Bute Council during the year, this totalled £2.8m. Argyll and Bute Council reduced the funding available to the HSCP to facilitate this repayment of debt. The following table summarises the financial performance against budget analysed between Health and Social Work related services.

<i>Service</i>	<i>Actual £</i>	<i>Budget £</i>	<i>Variance £</i>	<i>Variance %</i>
<i>Social Work Services</i>	78,958	79,640	682	0.9%
<i>Health Services</i>	233,408	233,408	0	0%
<i>Grand Totals</i>	312,365	313,048	682	0.2%

The budget for the HSCP 2021/22 included a total savings target of £9.3m spread across 142 projects. As at the end of March 2022, £8.2m of the savings target was delivered. Of this total, £5.8m was delivered on a recurring basis. The shortfall was funded through additional financial support from the Scottish Government, recognising that a number of projects had to be placed on hold during the year as a consequence of the pandemic. Ironically staffing vacancies have contributed to non-recurring savings which have ultimately allowed the budget to be balanced.

Achieving a balanced budget at a time of significant financial pressure has been exceptionally challenging. Particularly salient factors include:

- Staffing – additional costs of cover for absent staff and revised service delivery arrangements to ensure the safety of service users and staff;
- Equipment and materials – additional costs on personal protective equipment to protect staff and slow down the spread of the virus;
- Income loss – a reduction in care fee revenues collected by the service due to service closures and reduced activity;
- Reduced service demand – a reduction in availability and up take of temporary and respite services due to apprehension around their safety;
- Staff travel and subsistence – reduction in spend as a result of changes to the way in which services are carried out as a result of the Pandemic;

- Budget savings delivery –with the initial focus on dealing with the pandemic and emergence of new variants, activity on the delivery of budget savings was halted creating a substantial net overspend on the service budget; and
- Financial support for local commissioned care providers - to help with their pandemic related extra running costs and the reduction in care fee revenue caused by service closures and reduced activity.

The HSCP has a savings target of £6.0m for 2022/23, this includes £3.9m of new savings in addition to the carry forward of those projects which were not delivered in full during 2021/22. Social Work and Social Care will shoulder their share of these budget reductions.

Notwithstanding this financial report it requires to be recognised that it has often been the experience that the main limiting factor on service delivery or development, particularly in our remote and island areas, is the scarcity of the human resource not a lack of funding.

5. Workforce

Argyll and Bute Social Work and Social Care staff have continued to be involved in the work which stemmed from the Sturrock Report into bullying within NHS Highland. A decision was made that all staff involved in HSCP services should have the same mechanisms and supports whether their parent employer was NHS Highland or Argyll and Bute Council.

Most recently the NHS iMatters on line staffing survey has been rolled out to all staff in HSCP services no matter the employing organisation. To date the level of returns tends to vary from team to team and it is too early to make any judgement on whether this will be a useful tool. There has also been a management reflections exercise on what is working and what not. A whistleblowing service is available to social work and social care staff in common with NHS Highland staff.

It is inescapable, and perhaps inevitable given different histories, that the two employers have different organisational and professional cultures. This has been most stark in adult services. In adult services most of the Tier 3 integrated management posts are filled by health staff and they are therefore directly managing social work team leaders. Ensuring appropriate professional supervision as well as line management has been challenging. This has probably been heightened over the pandemic period where different employers had different rules for their staff to adhere to. A social work professional lead has been appointed within adult services in order to attempt to ameliorate to some degree these challenges. As mentioned earlier in the report a new supervision model has been developed and will be rolled out across services in the coming year.

Work continues within the context of the HSCP to balance these cultural issues and bring greater cohesion to integrated services.

There has been further development of the Social Work Training Board. The Board is now chaired by the CSWO rather than HR colleagues. Over the years the social work training budget has been underspent and as a result has suffered cuts. Efforts are underway to rectify that and restructure to ensure neither the training needs of social care nor social work dominate. The support requires to be more widely known throughout the workforce. It is recognised that Social Work Assistants wishing to gain a qualification found it hard to access financial support as those in the workforce who required a qualification for SSSC registration were being given priority.

Notwithstanding the above, the major workforce pressure is undoubtedly recruitment and retention. Much of the £682,000 underspend on Social Work Services is the result of vacant posts.

There are simply not enough social workers and social care workers at a national level. Successful recruitment in one part of the organisation can simply mean a new gap in another part. Posts are often being filled by Newly Qualified Social Workers who have completed courses during the pandemic, many have not had statutory social work experience, some have had mainly 'virtual' placements. Given the right context and nurturing support these people will develop into valued and competent staff. Nevertheless that still leaves us with an immediate issue. As vacancy levels rise the load increases on remaining staff and in particular experienced staff. Modest rises in the hourly rate of pay for social care staff are quickly outstripped by rises in the hospitality and other industries.

Elements of Scottish Government funding are exacerbating these problems. Short term ring fenced grants leave us attempting to recruit to fixed term contracts and in some case part time fixed term contracts. These are proving problematic to fill. This, for example, continues to be the case with funding for The Promise where relatively small discrete grants are being made, yet the aim is for systemic change. Systemic change is going to require long term investment in core services.

In Argyll and Bute there are the added complications of a lack of affordable housing and a relatively expensive cost of living particularly in our most remote and island areas.

In Argyll and Bute we are attempting to respond through consideration of changing structures, considering the viability of smaller teams and efficacy of some centralised services, 'growing our own' staff through offering career progression and funded training opportunities. There are plans for access to a small number of houses in the Oban area to allow potential staff an opportunity to settle in the area while attempting to secure longer term accommodation. Yet this might not be enough and it is predominantly through the scarcity of human resource rather than finance that we are forced to consider what services we can continue to develop and perhaps which ones we cannot.

6. CONCLUSION

The year 2020 – 2021 has seen us all work and live through the continued period of world pandemic. It has been a dynamic period involving new variants of the virus and various levels of restrictions and freedoms. As the period drew to a close there was sense of starting to 'live with the virus'.

Over the preceding 18 months or so the importance of 'key workers' has never been more in the public conscience. Often this has concentrated on the role of the NHS and others in the public sector including social workers have perhaps not had the same profile. I make no apology for re-iterating my thanks, from the introduction, to social work and social care staff for the enormous role they have played in supporting the most vulnerable people of Argyll and Bute through these extraordinary times. This has not only been about crisis management. I have been deeply impressed by the amount of developmental work and progress that our social work and social care staff have achieved despite the challenges.

Of course I recognise that this narrative is written some 6 months beyond the period on which it reports. In March 2022 it is doubtful anyone could have predicted the cost of living crisis which has now overtaken the pandemic in impacting our service users and staff. In Argyll and Bute, in particular, the costs charged by the energy companies, where we already have high levels of fuel poverty, will adversely affect those we employ and those we serve. Rising inflationary costs will not positively impact already restricted financial and human resources. It will no doubt be the subject of the next CSWO report.

We must look forward. We look forward to engaging in the debate on the shape of the National Care Service. Ensuring the role of social work and social care is valued and fully embedded within both the ethos and structures of the new service. Ensuring the local needs of Argyll and Bute's urban, remote and island communities are recognised in emerging national structures.

David Gibson
Chief Social Work Officer and Head of Children, Families & Justice

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****24 NOVEMBER 2022**

GIGHA AFFORDABLE HOUSING UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide an update on the options on how to enable the development of 5 new build affordable houses at Ardmish on the island of Gigha.
- 1.2 The report will confirm the high level of housing need and demand on Gigha.
- 1.3 The Isle of Gigha Heritage Trust has been awarded a Rural and Islands Housing Fund Grant of £1,281,924 by the Scottish Government to enable the delivery of 5 affordable houses on the island. The Council will make the standard Strategic Housing Fund award of £12,000 per unit which will total £60,000. There remains a funding gap of £99,724 which this report requests the Council fill with an additional Strategic Housing Fund award. If approved that would mean the total contribution to the project from the Strategic Housing Fund would be £159,724.

RECOMMENDATIONS

It is recommended that Full Council :-

- Authorise an additional payment to the Isle of Gigha Heritage Trust of £99,724 from the Strategic Housing Fund (SHF) to enable the development of 5 affordable houses at Ardmish on Gigha.

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****24 NOVEMBER 2022**

GIGHA AFFORDABLE HOUSING UPDATE

2.0 INTRODUCTION

2.1 The Isle of Gigha Heritage Trust has identified a high level of housing need and demand on Gigha. As a result the Council supported a project through the Scottish Government Rural and Islands Housing Fund for the Trust to carry out feasibility work to determine the best way to address the housing situation.

2.2 The Isle of Gigha Heritage Trust has been awarded a Rural and Islands Housing Fund Grant of £1,281,924 by the Scottish Government to enable the delivery of 5 affordable houses on the island. The Council will make the standard Strategic Housing Fund award of £12,000 per unit which will total £60,000. There is a funding gap of £99,724 which the Council is requested to fill with an additional Strategic Housing Fund award.

3.0 RECOMMENDATIONS

It is recommended that Council:-

- Authorise an additional payment to the Isle of Gigha Heritage Trust of £99,724 from the Strategic Housing Fund (SHF) to enable the development of 5 affordable houses at Ardmish on Gigha.

4.0 DETAIL**4.1 Context**

The Council is the strategic housing authority in Argyll and Bute and plays a key role in identifying and enabling the delivery of housing across the local authority area. The Council recognises housing is a high priority for the Council. An affordable housing need has been identified on the Island of Gigha and the Council has been engaging with the Isle of Gigha Heritage Trust for the last 5 years to try and find a way to address the issue. A housing needs survey was carried out by the Communities Housing Trust in 2019. The survey provided the evidence required to demonstrate housing need on the island and a suitable site was identified.

4.2 Background

Isle of Gigha Heritage Trust and Housing Need and Demand on Gigha

The Isle of Gigha Heritage Trust (IGHT) was established in 2001 and is the community organisation that took ownership of the majority of the island of Gigha following the community land buyout. The Trust is managed by volunteer Directors elected by the membership to develop the assets of the island and take forward plans and projects for the community. IGHT currently has 8 full-time paid employees and 5 part-time paid employees that support the work of the Board.

- 4.3 IGHT is a registered private landlord and has been managing 30 affordable residential housing units since 2002. IGHT has worked in conjunction with Fyne Homes previously to deliver 18 social houses on the island and is now looking to deliver 5 additional houses itself to address specific housing needs within the community. This includes providing accessible housing for elderly residents and small energy efficient flats for young people to establish their independence. The addition of 1 and 2 bedroom homes will create a shift across the IGHT housing stock which will ensure that the 3 & 4 bed homes are better utilised to meet identified housing need and demand.
- 4.4 The 5 affordable homes housing development approved by the Scottish Government is an intergenerational scheme with a focus on both older and younger households. The island housing stock does not currently cater adequately for older members of the community and many older people have to leave the island when additional care or support is required. The other housing need which will be met with this development is the opportunity for young people to access 'starter units'. This would enable young people to remain on the island to take up work opportunities and help to sustain the economy and protect the future of this fragile remote, rural island community.
- 4.5 As the strategic housing authority for Argyll and Bute, the Council has a statutory duty to assess the need and demand for housing in the area and to ensure that any unmet need for affordable housing is addressed through the Local Housing Strategy (LHS) and the Strategic Housing Investment Plan (SHIP). The Island of Gigha exhibits relatively high levels of need and demand, and significant imbalances in the local housing system.
- 4.6 There are 102 homes on the island of Gigha, of which 16% are deemed ineffective in terms of meeting local needs, i.e. as at October 2022, 11 are second/holiday homes and a further 5 are empty/long term unoccupied. Fyne Homes currently provide 19 properties for social rent.
- 4.7 Expressed demand for RSL housing is registered via the HOMEArgyll waiting list, and currently there are 14 active applicants with Gigha as first area of preference. 10 of the 14 applicants have been awarded housing need points. The average waiting time for active applicants is 66 weeks; and generally turnover in the RSL stock has been low in recent years creating a pressure ratio of 10 applicants to every allocation.

4.8 Current Progress

Planning permission (reference number 21/01102/PP) was granted on 22nd June 2022 for 5 affordable houses to be built at Ardmish. The Scottish Government has made an offer of £1,281,924 from the Rural and Islands Housing Fund to the Isle of Gigha Heritage Trust on 23rd September 2022. The Trust has secured a grant (£80,000) and loan (£320,000) from Social Investment Scotland. The Council will also award £60,000 from the Strategic Housing Fund. The funding gap is currently £99,724 as the total cost of the project is £1,841,648 which is £368,330 per unit.

4.9 The breakdown on the unit cost of £368,330 can be approximated on roundings based on received cost plans at:-

- Superstructure and internals - £159,613
- Foundations - £23,368
- Externals - £72,213
- Prelims, land and contingency - £87,632
- Professional fees - £25,504

The actual construction costs of the properties is only 43% of the cost of the overall project which highlights the considerable infrastructure costs required to deliver housing on the islands.

5.0 CONCLUSION

5.1 The costs of building on island communities are high and the figures presented before members today reflect the difficulty in delivery of new homes in our island communities. The availability of the Strategic Housing Fund together with the Scottish Government grant would enable this important new development to proceed supporting the Council's population growth ambitions.

5.2 The Committee is asked to approve the recommendation set out in Section 3 based on the evidence supplied within this document with for the purpose of enabling the delivery of 5 affordable new homes on the Isle of Gigha helping the future sustainability of this island community.

6.0 IMPLICATIONS

6.1 Policy – the proposal is consistent with current Council policy including the SHIP which supports the Local Housing Strategy vision and outcomes which are directly aligned with the overarching objectives of the Outcome Improvement Plan, in particular Outcome 2 – we have infrastructure that supports sustainable growth. The proposal does exceed the delegated Officer approval for the use of the Strategic Housing Fund to enable the delivery of affordable housing which is £12,000 per unit.

6.2 Financial – there are sufficient funds in the Strategic Housing Fund to support

the proposal.

- 6.3 Legal – none.
- 6.4 HR – none
- 6.5 Fairer Scotland Duty: the proposal is consistent with aims and objectives set out in the local housing strategy, which is subject to an EQIA.
 - 6.5.1 Equalities - protected characteristics – there are targets within the Strategic Housing Investment Plan (SHIP) which aim to meet the identified housing needs of specialist groups.
 - 6.5.2 Socio-economic Duty – the delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all. The SHIP links with the Child Poverty Strategy.
 - 6.5.3 Islands – this proposal takes full account of housing issues on the islands.
- 6.6 Climate Change – the properties are designed to Building Control ‘Silver’ standard. The properties will have Air Source Heat Pumps and Solar Panels installed.
- 6.7 Risk – risk assessment is an integral part of each affordable housing development. The risk of not approving the Strategic Housing Fund request contained in the report is that the 5 affordable houses proposed at Ardmish will not be delivered.
- 6.8 Customer Service – the proposal will deliver increased access to a range of suitable affordable housing options.

Kirsty Flanagan, Executive Director with Responsibility for Development and Economic Growth

Councillor Robin Currie, Policy Lead for Economy and Rural Growth

October 2022

For further information contact:

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****24TH NOVEMBER 2022**

**DUNOON PRESENTS - APPROVAL OF BUSINESS IMPROVEMENT DISTRICT
BALLOT SUBMISSION, BUSINESS PROPOSAL AND BUSINESS PLAN - THIRD
BALLOT**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to ask Members to endorse the Dunoon Business Improvement District (BID) ballot submission, the Business Proposal, Term Three, and the Business Plan, Term Three, in support of the ballot, submitted by Dunoon Presents, the BID company. The proposed ballot is due to take place on Thursday 2nd March 2023 (the ballot day). This will be a postal ballot and votes must be received by 5pm on the ballot day to be considered valid and included in the count.
- 1.2 The principle aim of the BID is to deliver projects and events to improve the trading environment for businesses, their customers and visitors. The business proposal informs levy payers on specific contributions required and outlines the proposed objectives, benefits and outcomes of a BID over a 5-year period. The business proposal also sets out how levy contributions will be used and details the assumed return from this investment.
- 1.3 If approved, the ballot will take place over 42 days, from Thursday 19th January to Thursday 2nd March ('the ballot day') in 2023. If successful, the levy could potentially raise £130,000 for the first two years of the third term and £143,000 a year for the three remaining years of the third term, giving a total of £689,000 in total. Dunoon Presents have therefore proposed how these levy payments could be invested to further grow the economy of Dunoon, based on the success of the previous two terms of the BID delivery.
- 1.4 Through the provision of information and advice, Officers from Development and Economic Growth, Legal and Governance, Customer Services and Strategic Finance have supported Dunoon Presents in their development of this BID ballot submission. The Dunoon Presents Business Proposal, Term Three, is attached at Appendix 1. The Dunoon Presents Business Plan is attached at Appendix 2 and the Draft Operating Agreement is attached at Appendix 3. This Draft Operating Agreement will be signed after a positive ballot result. The business proposal represents the Dunoon Business Community's proposals for the most effective utilisation of the BID's levy, to support the continued development of Dunoon.

RECOMMENDATIONS

That the Council agrees:-

- a. To agree the ballot request and the Dunoon Presents Business Proposal, Term Three and the Dunoon Presents Business Plan, Term Three.
- b. To agree to instruct the Returning Officer to conduct a ballot over 42 days in 2023 from Thursday 19th January to Thursday 2nd March ('the ballot day').
- c. To authorise the Executive Director with the responsibility for Development and Economic Growth to cast the votes on behalf of the council in favour of the BID.
- d. To agree that the Council will charge £7,903 (exc VAT) per annum, to Dunoon Presents for administering the levy charge to businesses in Dunoon, with charges thereafter increased annually. The first increase will apply on 31st October 2023 and annually thereafter for the subsequent term of the BID.
- e. To agree that, if Dunoon Presents are successful in the ballot, the Council will pay an estimated £6,120 per annum in levy contributions for Council properties in Dunoon.
- f. To note that if the BID group are successful in the ballot, an Elected Member from the Council would be requested to sit on the Dunoon Presents Board.

ARGYLL AND BUTE COUNCIL

COUNCIL

**DEVELOPMENT AND
ECONOMIC GROWTH**

24TH NOVEMBER 2022

**DUNOON PRESENTS - APPROVAL OF BUSINESS IMPROVEMENT DISTRICT
BALLOT SUBMISSION, BUSINESS PROPOSAL AND BUSINESS PLAN - THIRD
BALLOT**

2.0 INTRODUCTION

2.1 The purpose of this report is to ask Members to endorse the Dunoon Business Improvement District (BID) ballot submission, the Business Proposal, Term Three and the Business Plan, Term Three in support of the ballot, submitted by Dunoon Presents. The proposed ballot is due to take place on Thursday 2nd March 2023 (the ballot day). This will be a postal ballot and votes must be received by 5pm on the ballot day to be considered valid and included in the count.

2.2 Dunoon Presents has successfully completed its second BID term with a number of key objectives delivered for the benefit of the town of Dunoon over the past ten years. The Business Proposal, Term Three again sets out the governance, objectives, levy payments and benefits for business owners in Dunoon. In line with this, if the ballot is successful, the council will be required to pay an estimated annual levy charge of £6,120 over five years for Council properties in Dunoon.

3.0 RECOMMENDATIONS

3.1 That the Council agrees:-

- a. To agree the ballot request, the Dunoon Presents Business Proposal, Term Three, and the Dunoon Presents Business Plan, Term Three.
- b. To agree to instruct the Returning Officer to conduct a ballot over 42 days in 2023 from Thursday 19th January to Thursday 2nd March ('the ballot day').
- c. To authorise the Executive Director with the responsibility for Development and Economic Growth to cast the votes on behalf of the council in favour of the BID.
- d. To agree that the Council will charge £7,903 (exc VAT) per annum, to Dunoon Presents for administering the levy charge to businesses in Dunoon, with charges thereafter increased annually. The first increase will apply on

31st October 2023 and annually thereafter for the subsequent term of the BID.

- e. To agree that, if Dunoon Presents are successful in the ballot, the Council will pay an estimated £6,120 per annum in levy contributions for Council properties in Dunoon.
- f. To note that if the BID group are successful in the ballot, an Elected Member from the Council would be requested to sit on the Dunoon Presents Board.

4.0 DETAIL

Dunoon Presents Business Proposal

- 4.1 Dunoon Presents has successfully completed its second BID term with a number of key objectives delivered for the benefit of the town of Dunoon. The business proposal informs the Council and other levy payers with regard to the merits of continuing the BID initiative which has been in operation for the last ten years.
- 4.2 The principle aim of the BID is to deliver projects and events that will improve the trading environment of the BID area to benefit businesses operating in the town of Dunoon, their customers and the many visitors to the town. The Business Proposal, 12/10/22 (appendix 1) sets out the main objectives, benefits and outcomes of the BID board to be delivered over the next five years of operation. It informs the council and other levy payers on the level of their contribution, how this will be collected, and what the levy payers will see in return for their investment. The likely income and expenditure is included in the Plan as well as management and governance mechanisms. A process of consultation with levy payers has and continues to be undertaken by Dunoon Presents.
- 4.3 The benefits of the levy are that it could potentially raise £130,000 for the first two years of the third term and £143,000 a year for the three remaining years of the third term, giving a total of £689,000 in total. This would allow local businesses to spend money on their priorities that will work alongside future council and key partner activity.

BID Ballot Process

- 4.4 The ballot submission sets out the BID ballot process. It is proposed that the ballot will open for 42 days in 2023 from Thursday 19th January to Thursday 2nd March ('the ballot day'), with the ballot papers being counted on Friday 3rd March 2023 and the results published within one week of this date. This will be facilitated by Argyll and Bute Council.
- 4.5 For the BID to be successful the ballot has to demonstrate a minimum 25%

turnout and of those that vote, over 50% by number and 50% by combined rateable value must vote in favour of the bid.

- 4.6 If successful, the third term of the BID will commence again on 15th April 2023 and will run for a period of five years until the 14th April 2028.

Council Commitment and Finances

- 4.7 The Council has committed both local Elected Member and local officer time to the BID over the past ten years. If the BID ballot were successful, Dunoon Presents would request an Elected Member from the Council to sit on the BID Board.

- 4.8 If the ballot is successful then Argyll and Bute, as a levy payer, will be required to pay levy on its properties in Dunoon. This estimated contribution is £6,120 per annum.

- 4.9 If the ballot is successful the Council will charge Dunoon Presents £7,903 (exc VAT) per annum, for administering the levy charge to businesses in Dunoon, with charges thereafter increased annually. The Draft Operating Agreement states that “The Council’s charge for the provision of the Services on an annual basis will be £7,903 (excluding VAT) (the “**Council Annual Charge**”), representing its reasonable administrative costs in providing the Services (to be identified and agreed between the Council and the BID Company) yearly, and having effect on the 31 October of each year for which a BID is in place. Charges will be increased annually by CPI based on the increase over the last 12 months. Following receipt by the BID Company of a valid VAT invoice, the first payment will be due together with VAT within 4 weeks of receipt, or later by agreement.” The Council’s charging price noted above is based on October 2022 and will be updated by CPI annually.

5.0 CONCLUSION

- 5.1 Dunoon Presents has been highly successful over the last ten years of operation with a significant number of initiatives and projects carried out that are in addition to statutory and non-statutory council services. Dunoon Presents Board, following consultation with levy payers, has decided to ballot for a third term of five years and have prepared a business proposal (attached as an Appendix to this report) that identifies their objectives for the next five years. If successful this process will allow the work of the BID to continue in relation to the improvement and promotion of Dunoon, adding to the work undertaken by the council and a range of other partners drawn from across the sectors. This report recommends that the Council approve the ballot request, and the Dunoon Presents Business Proposal, Term Three, at Appendix 1 the Business Plan, Term 3 at Appendix 2 and the Draft Operating Agreement, Term Three, attached at Appendix 3.

6.0 IMPLICATIONS

- 6.1 Policy – Supports the delivery of the Local Outcome Improvement Plan and the Council’s Economic Strategy and Economic Recovery Plan.
- 6.2 Financial - The estimated Council levy payment will be £6,120 per annum for a period of 5 years as a budget pressure from the general unallocated fund. The Council will charge £7,903 (inc VAT) per annum to Dunoon Presents for the collection and administration of the levy, with charges increasing on an annual basis.
- 6.3 Legal - Facilitation of ballot.
- 6.4 HR - Council officers are supporting the Dunoon BID. One Elected Member will be requested to attend Dunoon Presents Board meetings.
- 6.5 Fairer Scotland Duty
 - 6.5.1 Equalities –protected characteristics – None.
 - 6.5.2 Socio-economic Duty - The BID aims to reduce inequalities of outcome caused by socio-economic disadvantage in Dunoon and represents the collective responsibility to grow the Dunoon economy
 - 6.5.3 Islands - This BID will encompass Dunoon town centre.
- 6.6 Climate Change - The business plan will take environmental impact into consideration in the delivery of projects.
- 6.7 Risk – The ballot may be unsuccessful.
- 6.8 Customer Service – None.

Executive Director with the responsibility for Development & Economic Growth
– Kirsty Flanagan

Policy Lead for Economy and Rural Growth – Councillor Robin Currie

20th October 2022

For further information contact:

Fergus Murray, Head of Development and Economic Growth
Fergus.Murray@argyll-bute.gov.uk

Appendix 1 – Dunoon Presents BID Business Proposal, Term Three
Appendix 2 - Dunoon Presents BID Business Plan, Term Three
Appendix 3 – Dunoon Presents Operating Agreement with Argyll and Bute Council, Term Three

**Dunoon Presents
Town Centre
Business Improvement District
Business Proposal**

BID Term 15/04/2023 to 14/04/2028

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Appendix 10	Draft Operating Agreement – to be updated following a positive ballot result.	
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Business Proposal

BID Proposal Compliance with Legislation

In accordance with Business Improvement District (Scotland) legislation we acknowledge, as the BID Proposer, we must submit to Argyll and Bute Council and Scottish Ministers the following in respect of BID Proposals, Renewal Proposals and Alteration Proposals: -

1.0 A document, which demonstrates a cross section of at least 5% of the electorate, within the BID area supports the BID Proposals.

Please refer to Appendix 1 (Support for the BID) and Section 7.2 Business Survey on page 19 of this Proposal. Following the surveys of the businesses our canvassing confirmed the number of eligible persons (those eligible to vote in the ballot) 7.79% by number and 14% by rateable value were in favour of the BID.

2. Summary of the consultation the BID has undertaken with those eligible to vote.

The Dunoon Presents BID Board oversaw the process of consultation with the businesses. The consultation took the form of hard copy surveys, meetings and events, letters, telephone calls, e-mails, website, social media and one to one consultation.

Please refer to Appendix 2 (Details of Consultation) and Section 7.0 The Consultation Process on page 18 of this Proposal for a summary of the consultation.

3. The Proposed Business Plan

A copy of the BID Business Plan will be issued to all those eligible to vote in the ballot. Please refer to Appendix 3 (BID Business Plan).

4. The Financial Arrangements of the BID body.

Please refer to Section 13.2 Financial Management Arrangements on page 30 of this Proposal.

5. The Arrangements for periodically providing the LA and billing body with information on the finances of the BID body (i.e., after a successful ballot)

The BID finances will form an integral part of a monthly report issued to the BID Board of Directors. 1 representative from Argyll and Bute Council will sit on the BID Board and will automatically be provided with the BID finance details. It is also expected that regular finance meetings with Argyll and Bute Council will be held. An independent review of the BID finances will also take place through an independent auditor.

6. The names and addresses of all those eligible to vote and a description (address) of each relevant property.

Please refer to Appendix 4 (Database of voters).

Business Proposal

7. A notice in writing requesting that the local authority hold the ballot.

In accordance with legislation, please find attached the notice in writing “requesting the local authority to instruct the ballot holder to hold a BID ballot.”

Please refer to Appendix 5.

8. Provide the LA and billing body with such information as they shall reasonably require satisfying themselves the BID Proposer or BID body has enough funds to meet the costs of the BID ballot.

Dunoon Presents has agreed in their letter of the Date 25.09.2022 to the Argyll and Bute Council to pay for the costs of the ballot. Please refer to Appendix 8.

9. A statement of the works or services to be provided, the name of the person responsible or body for the implementation (delivery) of these works and services and the status of such person/s; both on and after the date the BID Proposals come into effect.

Please refer to Appendix 3 (BID Business Plan) for the proposed works and services.

On a successful renewal ballot outcome, the Dunoon Presents BID Company (a not-for-profit company limited by guarantee with no share capital) will continue, as before, with directors elected from the eligible persons (the levy payers), limited to one eligible person from each eligible property. The directors will oversee and give direction to the delivery of the projects and services; and renew current staff contracts to ensure the continued delivery of the BID projects and services. For full details please refer to section 6.3 Management of the BID on page 17 of this Proposal.

10.0 A statement of existing baseline services provided by the local authority, police and other agencies.

Please refer to Appendix 6 (Baseline Services).

11.0 A precise description of the geographical area of the BID, including a map, which defines exactly the boundaries of the BID area.

Please refer to Section 5.1 The BID Map and Streets on page 11 of this Proposal for a GIS map and a list of the streets and roadways in the BID area.

12. A statement providing details of any additional financial contributions, or additional actions for the purpose of enabling the projects specified in the BID Proposals, i.e., where a BID project is expected to cost £X and the proposed levy raises a smaller amount £Y then the BID Proposals must state how that funding gap £X - £Y s to be met and by whom.

Business Proposal

The projects specified in the BID Proposal (Please refer to Section 13.3 Dunoon Presents BID Projected Income and Expenditure on page 30) have been identified and the levy calculated and apportioned to deliver the projects as defined in the Proposed Projects section of this Proposal.

It is expected that the BID will attract additional funding from other sources including the local authority however, this has not been allowed for at this stage.

13. A statement of which aspects of the BID Proposals and or Business Plan may be altered without the need for an alteration ballot to be undertaken.

The BID Board of Directors will have the authority to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the levy payers and without recourse to an alteration ballot.

Please refer to section 6.3 Management of the BID on page 17 of this Proposal for the statement.

14. A statement of the proposed start and end dates of the BID Arrangements and the term of the BID. The BID arrangements must commence no later than a year after the date of the statement.

Following a successful renewal ballot on [02/03/2023] the Dunoon Presents BID will continue its activities to the end of the existing term [14/04/2023] and continue onto a third term from [15/04/2023]. As the Dunoon Presents BID will be for a term of five years, it will cease its activities on [14/04/2028].

15.0 BID Proposals shall specify the apportionment of BID levy in respect of relevant properties and who will be liable to pay the levy: - proprietors, tenants, occupiers or if appropriate a specific business sector or sectors or businesses who will participate. It is advisable to include caps, thresholds, or other arrangements reflecting local circumstances or ability to pay.

The BID improvement levy will be paid by the occupier (the eligible person liable to pay the non-domestic rate), however, the property owner will be liable to pay the levy where a property is vacant or empty on the day the levy invoice is issued and for all the period thereafter when the property is vacant.

Please refer to Section 9 The BID Levy on page 20 of this Proposal for full details of the BID Levy.

16. Confirmation the levy is to be calculated as a % of the RV or how the charge was arrived at.

It has been agreed by the BID Board, (please refer to the meeting minute dated [07/09/2022] - Appendix 9) the levy rate will be a fee structure based on the rateable value of the property on the day of the ballot, 02.03.2023 and throughout the 5-year term of the BID.

Please also refer to Section 9- The BID Levy on page 20 of this Proposal for full details of the BID Levy and how the charge was arrived at; and to Appendix 10- Operating Agreement.

Business Proposal

- 17. Confirmation the % levy or fee is to be calculated on the RV of the property on the date of the ballot or, if not, another date that is the date, which will be used to calculate the levy or fee over the term of the BID.**

The fee structure is based on the rateable value of the property on the day of the ballot 02.03.2023

Please Refer to Section 9 The BID Levy on pages 20 to 23 of this Proposal for full details of the BID Levy.

- 18. The apportionment of the levy between proprietors, tenants and occupiers – providing the BID is including tenants and proprietors in its proposals.**

The occupier (the eligible person liable to pay the non-domestic rate) will be liable for the payment of the levy.

The BID Proposal does not include proprietors (property owners) except where the eligible property is vacant or empty when the property owner will be liable for the payment of the levy.

Please Refer to Section 9 The BID Levy on pages 20 to 23 of this Proposal for full details of the BID Levy.

- 19. A statement as to how the BID Board arrived at who will pay the levy, the percentage levy and how the levy will be split between proprietors, tenants and occupiers.**

The BID Board set the levy fee; the streets included in the BID and voted on who will pay the levy. A copy of the minutes of the meeting 07/09/2022 at which this was decided is attached as Appendix 9. The geographic boundary is based on the whole town. The levy amount is based on the amount required to carry out the projects in the business plan and discussions with businesses on what they believe is reasonable. The levy will be paid by the occupier (the eligible person liable to pay the non-domestic rate).

The decision to adopt the levy table and BID area was taken with the agreement of all the members of the BID Board. Please refer to Appendix 9 (Board Minutes) and Appendix 7 (Board Agreement.)

Please also refer to Section 9 The BID levy on page 20 of this Proposal for full details of the BID Levy.

- 20. Whether any future re-assessment of RV of the property by the Rates Assessor will or will not be taken into account in the calculation of the levy**

It has been agreed by the BID Board, the levy will be calculated on the Rateable Value of the properties in the BID area on the day of the ballot. There shall be no increase in levy within the first two years of a third term, but consideration shall be given to an increase in years 3,4 and 5 that would be capped at a maximum of 10% of the levy amount.

Business Proposal

21. A statement on why groups or individual businesses are exempt or receive a levy discount

Please refer to Section 9.2 Exclusions on page 22 of this Proposal for full details of all exemptions to the levy. The BID Board agreed (please refer to Appendix 7 Board Agreement and Board Group Minutes Appendix 9) the properties exempted would receive no benefit from the BID projects and services.

22. A statement on whether the levy will be index linked.

The BID levy will not be index linked.

23. A statement on whether any of the costs incurred in developing the BID Proposals, holding of the ballot, or implementing the BID arrangements are to be recovered through the BID levy.

None of the above costs will be recovered through the BID levy.

24. The constitution of the BID Company and its legal status. A statement on who will administer the BID, details regarding the BID board and the BID body and those who drew up BID Proposals and Business Plan.

Please refer to section 6.3 Management of the BID on page 17 of this proposal for details on how the BID Company will continue to be administered.

The Dunoon Presents BID Company, A Company Limited by Guarantee and Not Having a Share Capital, will continue to be administered by the Board of Directors who will be drawn from the eligible persons (liable to pay the levy) but restricted to one eligible person per eligible property. Nominations of directors from outside of the BID, who do not pay the levy and who may or may not represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors. The projects and services will continue to be delivered by the existing BID team. For full details please refer to Section 6.3 Management of the BID on page 17 of this Proposal document. Colin Moulson, the BID Manager prepared the BID Proposals and Business Plan in full consultation and support from the Dunoon Presents BID Board.

25. The methodology for BID levy payers to nominate themselves or others to the BID Board of Directors and the proposed make-up of the BID Board.

Every eligible person, who is liable to pay the levy, will have the opportunity to nominate themselves or someone else from within the BID area to be elected to the BID Board. Directors will be limited to one eligible person per eligible property. Nominations of directors from outside of the BID, who do not pay the levy and who may or may not represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors.

Please refer to section 6.3 Management of the BID on page 17 of this Proposal for full details on how levy payers can participate on the Dunoon Presents Company Board of Directors.

Business Proposal

26. A statement on how the BID Proposals will be publicised prior to the ballot.

The BID Proposer will send a copy of the BID Business Plan to all persons eligible to vote on the BID Proposals. Should any eligible person require a copy of the BID Proposal, a copy will be provided on request. The Business Plan will also feature prominently on the Dunoon Presents BID website at: - www.dunoonpresents.co.uk

“Business” or variations of the word “business” are used throughout this document. The word “business” in this context refers to property owners or tenants and occupiers of properties who are liable to pay the non-domestic rate (NDR), whether they pay business rates or not. This includes all properties listed on the Scottish Assessors Association Portal (website) with a non-domestic rateable value, many of whom may be a charitable organisation, public sector organisation, social enterprise or community group who may not consider themselves to be a business.

Business Proposal

1.0 Foreword by Dunoon Presents BID

As the Dunoon BID board, we are delighted to present this third term renewal proposal which outlines the priorities of the business community. We are all passionate and optimistic about the future of the town and we are excited about how we can continue to improve Dunoon by working together.

The projects and ideas that are detailed in this business plan came from the levy payers, gathered from our surveys, meetings and consultations. They shaped the overall strategy that will allow us the opportunity to revitalise the town.

We have all been involved in Dunoon for many years between us now and know a lot of the local business people. The town in that time has become a regular host for major event activity which has stimulated hundreds of thousands of pounds into the local economy. These events have been the catalyst for new tourists and visitors to the area from across Scotland and further afield and we believe the town is on the cusp of major positive change in many ways. The work of the BID has been pivotal to the evident progress, and this now needs to be taken to the next level, with the BID working alongside key local stakeholders to bring about much needed progress in local infrastructure and public realm projects.

Supporting the Dunoon presents BID for a third term is a great opportunity to collaborate and make improvements that would not happen otherwise. We are asking you to commit to this at a time where many costs are rising however with this levy, we can access external funding not available to individual businesses and we can implement projects that will help Dunoon prosper.

Ballot papers will be distributed by post no later than 19 January 2023. You will have 6 weeks to cast your vote before the ballot closes at 5pm on 02 March 2023. Ballot papers received after this date and time will be null and void. We passionately believe that the town will continue to thrive and evolve with another BID five-year term.

Business Proposal

2.0 Executive Summary

2.1 Mission Statement of the Dunoon Presents BID

Dunoon Presents BID – Dunoon Presents mission is to build an identity that goes beyond its shoreline. To showcase our beautiful area and to be an economic success through events, outdoor pursuits, and collaboration with local groups who share this vision

2.2 Aims and Objectives of the Dunoon Presents BID

The principle aim of the BID is to deliver projects and services that will improve the trading environment of the BID area to benefit businesses, their customers and visitors.

The objectives of the BID are: -

- To improve the economic opportunities for the businesses in the town centre
- To increase footfall
- To improve businesses relationships with each other, the local authority and the community
- To market the area to a local, regional and national audience
- To give businesses a strong, unified voice
- To support local community groups whose aims align with the BID

2.3 Key Findings

The BID Board has overseen considerable research to discover what the businesses of Dunoon would like the BID to continue to deliver and future projects, services and initiatives. The research established the continued need for a BID and confirms the following key aspects to deliver a successful ballot and a successful BID are in place.

- Local need for a BID is strongly identified.
- The BID area is logical and clearly defined.
- Support of the Local Authority at both officer and political level.
- Support of The Dunoon Community Project

3.0 Introduction

3.1 What is a Business Improvement District (BID)?

A Business Improvement District (BID) is a geographically defined area, where businesses come together and agree to invest collectively in projects and services the businesses believe will improve their trading environment. BID projects are new and additional projects and services; they do not replace services that are already provided by Argyll and Bute Council and other statutory bodies.

BIDs are developed, managed and paid for by those who are liable to pay non-domestic rates (NDR) by means of a compulsory levy, which the eligible persons in the proposed BID area must vote in favour of, before the BID can be established. Each eligible person liable to pay the BID levy will be able to vote on whether the BID goes ahead.

Business Proposal

3.2 Background to BIDs

The first BID was established, approximately fifty-five years ago, in Bloor West Village, Toronto, Canada, by the district's business community. The district's businesses were increasingly coming under pressure from new enclosed shopping malls being developed outside their area, diverting shoppers away from the traditional shopping area. As a result, some businesses were forced to cease trading and the area began to look tired and neglected

To stop the haemorrhage of deserting shoppers, local businesses fought back to revitalise the area. They successfully lobbied for legislation for all the businesses, in the proposed BID area, to pay a levy. The levy money was used to improve the physical appearance of the area, and then promote the district as a vibrant, attractive and safe place to work, shop and live. The strategy paid off and shoppers started to return to the district in large numbers.

The success of the Bloor West Village BID paved the way for future BIDs, not only in Toronto; but spreading throughout Canada, and the USA in the late 1960's and 1970's. Today there are well over 1800 successful BIDs worldwide.

An additional measure of BIDs success is in the renewal process. Most BIDs run for a period of five years with the vast majority continuing, for consecutive terms, when they come up for renewal. Currently, there are 26 BIDs in their second or third BID terms equating to 37 successful renewal ballots demonstrating the businesses value the projects and services delivered by the BIDs.

BIDs can support regeneration, grow local economies, create local employment and create a cleaner, safer trading environment. A key element to their success is that the local businesses take ownership and responsibility for their trading environment, identifying the projects necessary to resolve common problems and issues, and overseeing their implementation, whilst also contributing to the future direction of the town and its future development.

The Scottish Government fully supports the development of BIDs in Scotland.

As at 15.09.2022 there are 35 fully operational BIDs in Scotland with a further 30 in development.

4.0 Dunoon's Position

4.1 Why does Dunoon continue to need a BID?

If we do nothing, then nothing will be done and the progress that we have made over the last 10 years will be lost.

Dunoon has started to emerge from a long period of decline but now the work to allow the town to keep progressing must intensify even more. The primary focus of Dunoon presents has been all about the events and we have curated a programme that is working well for the area however it is now time to diversify our business plan working with key local stakeholders to deliver a wider range of projects including shopfront/premises improvements, streetscape enhancements and improved marine facilities.

We are really excited about The Dunoon Community Project as it will have a positive impact on the retail businesses and holiday accommodation providers. We want to make sure that visitors coming to the area for these activities will spend as much time in our town centre as possible so we need to develop plans to make the most out of the opportunities that will arise. This multimillion-pound

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community led leisure development, progressing rapidly around Bishop's Glen was inspired by the work of the Dunoon Presents BID and made our team realise that this was the way forward for the future of the town. Dunoon Presents have and will continue to work closely with the consortium developing this major piece of infrastructure, to ensure real and lasting legacy

The BID board fully understands that times have been hugely challenging, and this is continuing with local businesses increasingly worried about the availability of staff and rising costs including energy and raw materials. Certain things we can't fix however what we can do is

- work together to increase footfall, encouraging more people to Dunoon who spend money in the local economy.
- Encouraging people to spend more time in the town by making sure it is looking clean and attractive
- Promote the businesses better through social media, advertising and on the website
- Improving the perception of Dunoon as a place to visit with a variety of marketing activities

We know that there is so much work still to do and the BID provides a unique opportunity for businesses across all sectors to work together, invest collectively and undertake projects which can contribute positively to improving the economic viability of businesses in Dunoon and securing investment in the area. The BID has levered over £2.8million into the Dunoon economy in the last nine and a half years. It's a winning formula that will see a further £1.75million of growth in the Dunoon economy over the next five years; providing the BID continues.

4.2 The History of BIDs in Dunoon

The Dunoon BID has been operating as a UK Limited Company (a not-for-profit company limited by guarantee with no share capital) run by a volunteer board of directors to deliver the second term, 2018 to 2023 business plan, with a total budget of £120,000. Many of the projects have been successfully delivered for the benefit of levy payers including the Argyll Rally, Dunoon 10k Coastal Road Race, Down the Watter Revival music festival, Dunoon Ultra marathon, the Punk on the peninsula festival and marketing campaigns for Dunoon. The support of the Argyll and Bute Council has been integral to this development.

4.3 How does Dunoon benefit from a BID?

All businesses in the town benefit from the projects and services the BID currently delivers: -

- Support for existing groups and organisations
- An improved customer perception of accessibility and parking availability
- Improved customer knowledge of goods and services in the town centre
- Increased marketing to local, regional, national and global customers
- Cost reduction through collective investment and joint promotion
- An increased number of visitors
- Access to funding and support not available to individuals or businesses
- A local voice for businesses - business opinions included in local policy and local developments.
- Increased B2B sales opportunities
- Increased networking opportunities
- A continued safe trading environment with increased sense of security

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4.4 Local Authority Support

A BID is a business led regeneration strategy, which contributes to the wider regeneration aspirations of the public sector and the local community. It is essential the BID has the support of the local authority and access to its expertise over the BID term.

Argyll and Bute Council is supportive of the BID with one elected member attending BID Board meetings and support given by various council officers.

A crucial element of a BID is to review the current Baseline Service Agreement (an agreement on which services are already provided to the area by Argyll and Bute Council, to ensure any project or service provided by the BID is additional to the statutory services the local authority already provides.

The Argyll and Bute Council shall (under section 41 of the Representation of people Act 1983 and The Business Improvement Districts (Scotland) Regulations 2007) undertake and manage the postal ballot.

5.0 The BID Area

The BID area is generally focused on the town centre. Through one-to-one consultations, it became clear that there were common issues crossing different sectors.

The BID team have calculated that this equates to circa 430 properties, the eligible person of which will be entitled to vote on 02/03/2023. Following a successful ballot all eligible persons within the BID area will be required to pay the BID levy.

5.1 The BID Map and Streets

Why was this area chosen?

The following streets were chosen to be included in the BID area as consultations with businesses in this area highlighted several common issues of concern that could be addressed by a BID: -

Albert Crescent
Alexander Street
Alexandra Parade
Alexandra Place
Alexandra Terrace
Alfred Street
Allan Terrace

Ardenslate
Crescent
Ardenslate Road
Armdhor
Ardtully Brae
Argyll Road
Argyll Street

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Argyll Terrace

Arthur Terrace

Ash Gardens

Ashcraig

Ash Croft

Auchamore Road

Avenue, The

Beechcroft

Belmont Lane

Bencorrum Brae

Bishop's Glen Brae

Bogleha Road

Brae Cottages

(Sandbank)

Brandon Street

Brooklyn Place

Broomfield Drive

Broughallan

Gardens

Broughallan Park

Broxwood Place

Bullwood Road

(Part)

Cammesreinach

Brae

Cammesreinach

Crescent

Carolina Lane

Castle Street

Cedar Grove

Cedarcroft

Charles Gardens

Charles Lane

Cherryhill

Church Square

Church Street

Clyde Street

(Dunoon)

Clyde Street (Kirk)

Coach Houses

Cowal Avenue

Cowal Place

Crawford Lane

Crochan Road

Cromlech Grove

Cromlech Road

Cromwell Street

Deercroft

Dhailing Avenue

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Dhailing Court
Dhailing Park
Dhailing Road
Dixon Avenue
Dixon Crescent
Dixon Park
Dixon Place
Douglas Cottages
Dunclutha Lane
Eaglecroft
Eccles Road
Edward Street
Edward Place
Elizabeth Avenue
Erichtbank Drive

Eton Avenue
Fairhaven
Ferguslie Place
Ferguslie Street
Ferry Brae
Ferry Road
Finbracken
Fir Brae
Fircroft
Fountain Quay
George Street
Gladstone Avenue
Glebe Avenue
Glebe,
The Glebe View
Cottages Glenallan
Glenmorag Avenue
Glenmorag
Crescent
Gordon Street
Gorsecroft
Greenbank Lane
Hafton Court
Hamilton Street
Hanover Street
Heathercroft
High Road (Part)
Highland Avenue
Hill Street
Hillfoot Street
Hunter Street
Hunter's Grove
James Street
Jane Street
Jaycroft

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Jessie Place
John Street
Johnson Terrace
Kilbride Avenue
Kilbride Road
Kimberley Terrace
King Street
Kirk Brae
Kirk Street
Kirn Brae
Kirn Court
Kirn Gardens
Ladysmith Terrace

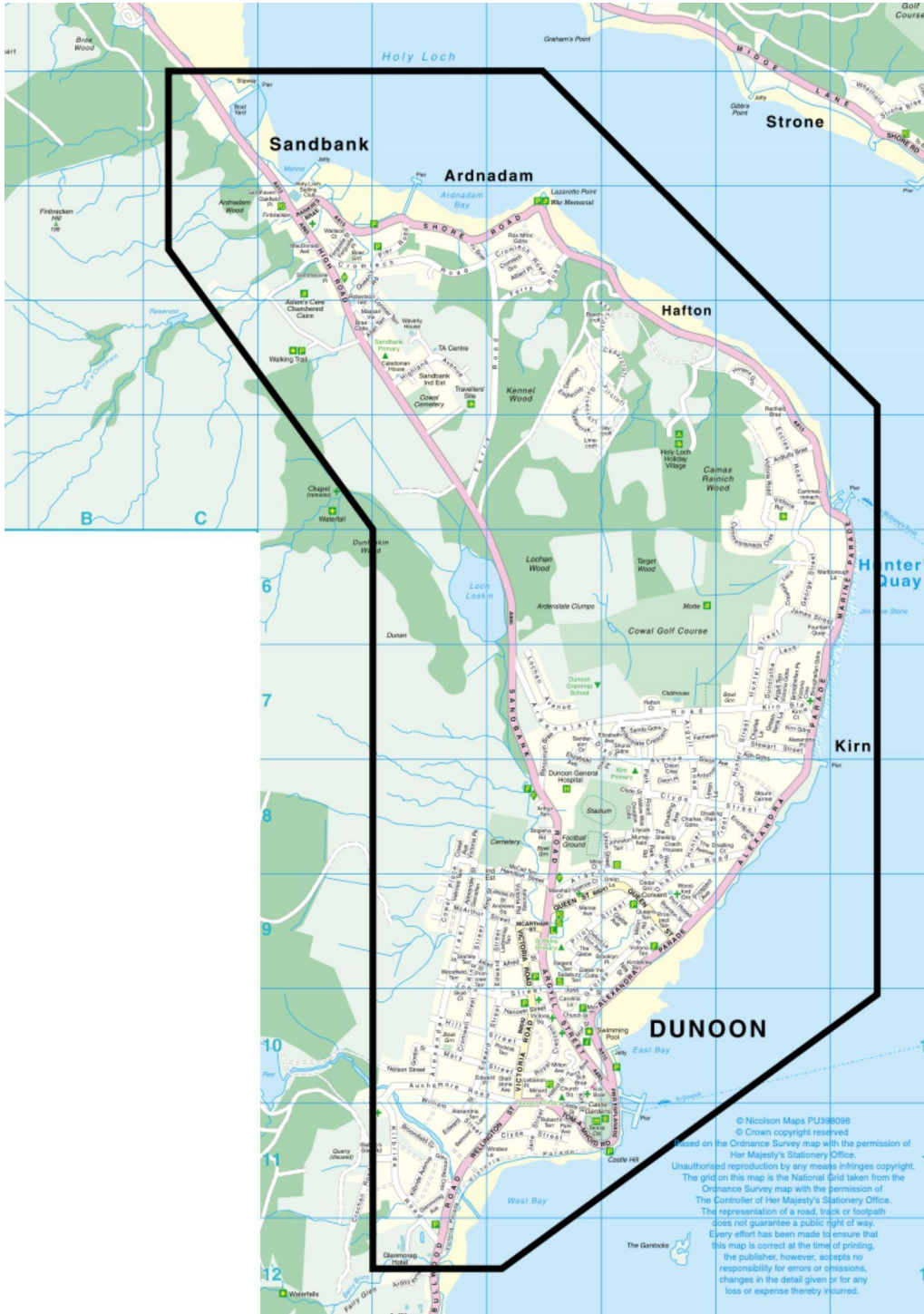
Lebanon Place
Leven Place
Lilyoak
Limecroft
Lochan Avenue
Lorimer Terrace
McArthur Street
McCall Terrace
MacDonald Avenue
Manse Avenue
Marine Parade
Marlborough Lane
Marshall Court
Mary Street
Massan View
Miller Court
Milton Avenue
Milton Road
Minard Place
Moir Place
Moir Street
Mount Carmel
Murrayfield
Nelson Street
Nile street
Oakfield Place
Oxford Lane
Park Avenue
Park Road
Pier Esplanade
Pier Road
Pilot Street
Port Riddell
Primrose Terrace
Prospect Avenue
Prospect Terrace
Queen Street

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Queen's Road
Queen's Terrace
Rankin's Brae
Regent Terrace
Renfield Brae
Robert's Terrace
Robertson terrace
Rockhill Terrace
Ros Mhor Gardens
Royal Crescent

St. Andrews Square
Salisbury Terrace
Sanda Gardens
Sandbank Road
Sanderson Drive
Sandhaven
School Brae
The Sheiling,
Shore Road
Shuna Gardens
Skye Court
Sommerville Place
Spence Court
Stanley Terrace
Stewart Street
Tom-A-Mhoid Road
Union Lane
Union Street
Valrose Terrace
Victoria Crescent
Victoria Gardens
Victoria Parade
Victoria Park
Victoria Road
(Dunoon) Victoria
Road (Hunter's
Quay)
Victoria Square
Victoria Terrace
Wallace Court
Waverley House
Wellington Street
West Street
William Street
Willow Quay
Windsor Lane
Woodfield Terrace
Woodford Grove

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There are circa 430 Properties located in the BID area.

6.0 BID Management

6.1 BID Staff

The BID Manager is Colin Mouslon and is accountable to the BID Board.

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6.2 BID Board

The BID Board, overseeing the renewal ballot, is made up from a cross section of the business community in the area and includes one locally elected councilor. Advice is also given by various Council officers. Ultimately all key decisions relating to the renewal of the BID have been taken by the BID Board, who are as follows:

Name	Sector	Name	Sector
Iain Cairns	Service	Ross Petro	Service
Alistair Baird	Services	Alison Girvan	Hospitality
Jamie Mulholland	Hospitality	Peter Ballard	Resident
Councillor Ross Moreland	Argyll and Bute Council	Finlay Currie	Services

6.3 Management of the BID

Following a successful yes vote, the management and operation of the BID will continue under the existing company structure and name.

The Company will continue to be managed by its Board of Directors operating in an open and transparent way and answerable to the businesses in the area. The Directors are committed to the highest standards of management, governance and accountability; recognising good governance helps deliver the strategic objects of the company.

There will be a detailed set of protocols (the Operating Agreement) which will cover, as well as other items, the billing, collection and transfer of the levy to the Company.

The Board of Directors may consist of up to 10 directors, of which there are currently 8 in office. An active campaign will be launched after the successful ballot to recruit additional directors to the Board. Every eligible person that pays the levy will have the opportunity to nominate themselves or someone else from within the BID area to be elected to the Company Board but limited to one eligible person from each eligible property.

Nominations of directors, representatives, or advisors from outside the BID, who **do not** pay the levy and **who may or may not** represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors.

The Company will continue to be run by the businesses for the businesses. This Board will be responsible for all decisions relating to staff, contracts, the delivery of the approved business plan and other activities generated by the BID.

The Board will be representative of the businesses and stakeholders in the area. The Chair, Vice Chair and Finance Director will be elected from the directors of the Board. The Board will include 1

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representative from Argyll and Bute Council. There may also be non-voting representatives from Police Scotland. Other non-voting members or local groups may be co-opted onto the Board at the Board's discretion.

The BID Company Board will have the authority to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the levy payers and without recourse to an alteration ballot.

Additionally, the BID Company Board reserve the right to consider creating a charitable arm of the company to enable it to secure additional funding, which can only be sourced with charitable status.

7. The Consultation Process

7.1 Introduction –

An initial consultation was undertaken with a cross section of businesses in the form of one-to-one interviews, which led to the creation of a bespoke Dunoon presents questionnaire, which was distributed to all businesses in the BID area.

Of the hard copy questionnaires distributed (135) - the businesses were also given the opportunity to complete the questionnaire on-line, 17.6% were completed.

The questionnaire survey was supported by one-to-one consultation with 173 businesses consulted, which equates to 40.2% of the businesses.

The overall aim of the consultation was to assess opinions on initiatives to further enhance and improve the BID area, determine what additional projects and services the businesses would like delivered over the next BID term to give an added incentive to visit and invest in the town centre. The results of these surveys and consultations have been combined and form the basis of the Business Plan and BID Proposal

Businesses received letters, e-mails, telephone calls, and one-to-one visits throughout the BID development process to keep them informed of progress. The website www.dunoonpresents.co.uk will be kept fully updated with information throughout the development of the BID. Full details of the consultation are shown at Appendix 2.

New businesses to the BID area received personal visits on a one-to-one basis to inform them about the BID.

Following feedback received during the consultation process, the board organised 2 'Next Steps' meetings at which the 'Next Steps' document was discussed. The Next Steps document was delivered to those businesses unable to attend the meeting. All eligible persons were invited by e-mail and social media.

As the ballot approaches it is planned to visit as many businesses as possible to discuss both the new and existing projects and services the businesses have indicated they would like the BID to deliver.

Sub appendices attached separately

- Questionnaire – 2A
- Survey Email – 2B
- Next Steps document – 2C
- Emails to businesses – 2 D

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7.2 Business Survey

The survey questionnaires were hand delivered where possible, if not, emailed to the property within the proposed BID area on the 27th May 2022. The businesses were also given the opportunity to complete the questionnaire on-line. The purpose of the questionnaire survey was to consult with the businesses within the BID area and determine their issues and concerns. The survey also sought to establish views and opinions on specific identified issues relating to the area.

The BID Board considered the responses from the one-to-one consultations, questionnaire survey and public meetings as being sufficient to decide on the projects and services proposed in the business plan.

BID legislation requires that before a ballot can take place, a minimum of 5% of those eligible to vote must indicate that they are in favour of a BID. The results of the consultations (both one-to-one and questionnaire survey) indicate that 29 eligible persons e.g., 7.79% are in favour of the BID. In terms of rateable value this equates to 14 %.

Please refer to Appendix 1 (Support for the BID) for a list of the eligible persons who have indicated their support for the BID to continue for a further term.

7.3 The Key Findings

Sector Specific Survey

Overall, the most important areas the BID could improve included:

1. Communication
2. Footfall
3. Collaboratively working with community groups and organisations
3. Marketing and Promotion
4. Business Support
5. A Vibrant and Attractive place
6. Lobbying and a Business Voice

From the surveys it was determined that,

Businesses would like:

1. A well promoted and vibrant town centre
2. To attract more visitors and see increased spend
3. A raised profile of the area by improving people's perception of the town
5. To create a vibrant, more attractive area
6. To see fewer vacant units and improve their appearance
9. A more diverse town centre to attract customers
10. Improved business support and advice

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The businesses were given a final opportunity to comment on the projects and services, as detailed in the Next Steps document, to allow them to be included in the Business Plan. To date 6 responses have been received.

We asked what future projects for the town centre are most important

The following list represents what the businesses would like the BID to address:

- More business led projects
- Addressing unsightly vacant properties
- Better communication
- Improve the look of the town

8.0 Proposed Improvements

We believe that the best way to achieve lasting and sustainable change, and best value for money, is by working in partnership, so where appropriate we will work strategically with: - Visit Scotland, Police Scotland, Cal Mac, Western Ferries, Community Groups, Educational Institutions – Schools and Tourism Groups.

The proposed projects will be progressed over the five-year period of the BID. Some projects will be provided on an annual basis while others are one-off projects. The time frame for delivering the projects will be decided by the Board of Directors within the agreed budget.

The detailed projects costs are estimates only. The actual cost of the projects will depend on a variety of factors and will not be definitive until competitive tenders have been submitted where necessary. Some of the projects may be subject to planning permission and other statutory approval.

The projects and services will be based on the following themes: events, space, collaboration and Identity

The projects will be based on the following themes, individual projects and services are detailed in the Business Plan.

1. Events – continue develop existing events £347,500
2. Space – New plans to make the town center look more attractive £65,500
3. Collaboration – Work closer and form new bonds with local community groups £0
4. Identity – Raise profile of Dunoon and market the businesses better £56,000

9.0 The BID Levy

9.1 Who will pay the levy?

A BID levy is an equitable and fair way of funding additional projects and services, which the local authority and other statutory bodies are not required to provide. There are approximately 430 commercial properties in the BID area which will generate a BID investment levy income of approximately £130,000 per annum and an estimated total levy income of £689,000 over 5 years.

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It has been agreed by the BID Board: -

- The levy structure will be based on a banded fee structure fixed on the rateable value (RV) of the property on the day of the ballot [02/03/2023]
- There shall be no increase to the levy within the first two years of a third term, but consideration shall be given to an increase in years 3,4 and 5 that would be capped at a maximum of 10% of the levy amount.
- There will be no increase in the levy throughout the BID term because of a non-domestic rateable revaluation occurring during the BID term.
- The BID levy will be paid by the property occupier - the person liable to pay the non-domestic rate.
- All eligible occupiers (of eligible properties) i.e., the eligible person liable to pay the non-domestic rate that are listed on the Local Assessors Valuation Roll on the ballot date will be liable to pay the levy.
- The levy payments are not linked to what businesses actually pay in rates but are based on the rateable value of the property.
- The levy must be paid either in 1 or 2 payments in June & December within 28 days from the date of the levy invoice or in 10 instalments by arrangement with the billing body.
- If there is a change, in occupier to a property, until a new occupier is found, the property owner will be responsible for paying the levy.
- Any new commercial development, subdivision of existing properties or merging of properties or new business with a non-domestic rateable valuation coming into the area during the 5-year term of the business improvement district will be liable for the BID Improvement Levy.
- If a property is vacant on the day the levy invoice is issued or any subsequent vacant periods, the property owner will be liable to pay the levy.
- Self-catering holiday accommodation which is not the sole or main residence of any person, and which is available (or intended to be available) for letting on a commercial basis, with profit in mind, for short periods totalling more than 140 days in the financial year remain liable for non-domestic rates for the whole year and will be included.
- The levy will apply to properties with a rateable value of £999 and above. Levy bandings will be applied with a maximum banding at £111,000 and above.
- The BID levy will **not** be index-linked to the Retail Price Index (RPI) or the Consumer Price Index (CPI) to take account of inflation, so that those liable to pay the levy can budget accordingly for the full five-year term.

Businesses outside of the BID Zone, or otherwise exempt from the BID Levy, can choose to make Voluntary Contributions. VCs from businesses will be determined by their Rateable values

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and will be paid on an annual basis. These businesses will thereafter be entitled to benefit from being members of Dunoon Presents. Any business making a VC will require to at least match the Levy threshold of £220 prior to becoming a member of the company. There will be no limit on Voluntary Contributions from individuals.

Together with the Levy Payers, organisations making VCs can become a Member of the Company. Membership benefits include access to Company information and log-in to the business section of the Dunoon Presents website. On becoming Members, suppliers of goods and services may be given consideration to trade with Dunoon Presents.

9.2 Exclusions

The BID Board decided to exclude premises that have a rateable value of less than £999.00. These premises can pay a voluntary levy and become an “associate member” should they wish, details of which are given in the BID Business Plan.

The BID Board decided that there is no benefit from being part of the BID to the following categories of property and therefore are exempt from paying the levy – schools, places of worship, non-retail charitable organisations with a rateable value of 15K or less, Hospital, Ambulance, Fire, Coastguard, Job Centre, Careers office, voluntary clubs, the Museum and social care establishments.

A further concession under this proposal is that all properties designated as stores, where no trade, commercial activity or direct operational/logistical support to a business takes place, will be exempt from the levy at all bands.

9.3 The Levy Table

Rateable Value (RV)	Each Week	Each Month	Annual Levy	No of Businesses	Total
0 to 999	Voluntary	Voluntary	Voluntary		£0.00
1,000 to 9,999	£4.23	£18.33	£220.00	331	£72,870.00
10,000 to 15,999	£6.88	£29.83	£358.00	50	£17,900.00
16,000 to 23,999	£10.06	£43.58	£523.00	18	£9414.00
24,000 to 39,999	£12.60	£54.58	£655.00	8	£5240.00
40,000 to 48,999	£16.83	£72.92	£875.00	3	£2625.00
49,000 to 63,999	£22.98	£99.58	£1,195.00	5	£5975.00
64,000 to 110,999	£31.63	£137.08	£1,645.00	2	£3290.00
111,000 +	£42.21	£182.92	£2195.00	6	£13170.00
					£130484.00

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The BID Board decided to continue to use a fee structure, as detailed above, to calculate the levy fee. The reasons behind this are as follows: -

- The levy payments add up to the amount required to deliver the business plan.
- A banding system was chosen as it represents a simple and easy way for businesses to identify their levy payment, provides for ease of collection and represents a fair and reasonable methodology. Everybody benefits therefore everybody pays.
- A minimum payment of £4.23 per week is believed to be affordable for the smallest businesses.
- Through consulting with the businesses, a maximum of £2195 is believed to be affordable for the businesses at the higher end of the banding.

9.4 Collection of the BID Levy

Argyll and Bute Council will collect the investment levy on behalf of the BID, as this will be an efficient, safe and cost-effective method of collection. Argyll and Bute Council will lodge the levy within a BID Revenue Account. The BID levy can only be drawn down by the Board of Directors of the BID to allow the delivery of the business plan.

The BID Revenue Account and levy cannot be accessed by Argyll and Bute Council, nor can it be used by the Council as an additional source of income.

9.5 Enforcement

In the event of any non-payment of the BID improvement levy, it will be strongly pursued by Argyll and Bute Council (as the billing body) using the recovery powers available to the Council to ensure complete fairness to all the businesses that have paid. Argyll and Bute Council will be entitled to charge an additional fee to the levy amount to meet any additional costs incurred in the recovery of the levy.

10. The Voting Process

10.1 Pre-Ballot

The BID Proposer must submit, at least 98 days in advance of the ballot date, the BID Proposals to the Local Authority, the Scottish Ministers and the billing body along with a letter detailing their intention to put the BID Proposals to ballot. The local authority has then, 28 days in which to veto or not veto the BID Proposals. i.e., $98 - 28 = 70$ – under the legislation the prescribed period is 70 days prior to the day of the ballot.

The local authority is required, under legislation, to notify the BID proposers and the Scottish Government, in writing, if the authority is or is not vetoing the BID proposals.

A 'Notice of Ballot' will be issued at least 42 days before the day of ballot.

The BID Proposer will make available a copy of the BID Proposal to any person, who is eligible to vote on the BID Proposals, who requests a copy.

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10.2 The Ballot

- Ballot papers will be posted to the eligible person responsible for casting a vote within their business at least 42 days before the day ballot. In the case of national companies, the responsibility for voting may lie with head office.
- Prior to or on the date the ballot papers are issued the BID Proposer will provide to all those eligible to vote in the ballot, with a copy of the BID Business Plan.
- The BID ballot is a confidential postal ballot conducted by Argyll and Bute Council on behalf of Dunoon Presents BID and in accordance with Scottish BID legislation.
- Where an eligible property is vacant the voting papers will be sent to the property owner.
- In the Dunoon Presents BID case, voting papers will be issued no later than 19/01/2023.
- The last date for all ballot papers to be returned is 5pm on 02/03/2023. Papers received after this date and time will be deemed null and void and not be counted.
- Voting papers are easy to complete, simply place a cross on either “yes” or “no” to the question “are you in favour of a BID?” The ballot paper must then be signed by the person eligible to vote and returned in the pre-paid envelope.
- For the ballot to be successful there must be a minimum turnout of 25% (the headcount) by number of eligible persons and by combined rateable value; and of those who turnout, the majority must vote in favour by number and rateable value.
- All eligible persons (i.e., those persons liable to pay non-domestic rates) will have one vote or where a person is liable for non-domestic rates for more than one property, that individual shall be eligible to cast more than one vote however they will be required to pay the levy for each of the properties that they occupy.
- The ballot papers will be counted on 03/03/2023 and the results announced by the Argyll and Bute Council within one week.
- Following a successful ballot, the BID will commence on 15/04/2023 and will run for a period of five years until the 14/04/2028.

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10.3 BID Ballot Timetable

Item	B-n	Procedure	Time	Date	Comments
1	B-154	Last day for notice of intention to put BID proposals to ballot.	Regulation 4 At least 154 days before the ballot date.	By 25.08.2022	
2	B-126	BID Review.	BID proposals reviewed and agreement reached as to whether a positive ballot result is achievable. If not achievable, then the BID should not go to ballot.	By 28.09.2022	
3	B-98	Last day for the submission of the BID proposal to the local authority and Scottish Ministers.	Regulation 5 (2) (a) (i) At least 98 days* before the day of the ballot in accordance with regulation 4. *This would give the local authority at least 28 days to consider proposals before deciding whether to exercise their veto.	By 12.10.2022	
4	B- 70	Local authority to confirm it is or is not vetoing the BID proposals.	Regulation 14 (1) For the purposes of section 42(2) of the 2006 Act, the prescribed period is 70 days prior to the day of the ballot.	By 25.11.2022	
5	B-56	At least 98 days after item 1 the BID Proposer requests local authority to instruct ballot holder to hold ballot.	Regulation 5 (2) (a) (ii) and (b) The request to hold a ballot should be at least 56 days* before the ballot date. *To allow time to put in place ballot arrangements, before issuing ballot papers (at least 42 days before the day of ballot), it is recommended that the request to hold a ballot should be made at least 56 days before the ballot date.	By 05.01.2023	

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6	B-56 B-42	The local authority instructs the ballot holder to hold BID ballot. Ballot holder puts in place arrangements to hold BID ballot.	Regulation 6 Regulation 8 On receiving instruction under Regulation 6 to hold ballot the ballot holder puts in place the formal arrangements to hold ballot, including: - Securing ballot date, publishing notice of ballot, and preparing list of persons entitled to vote.	By 05.01.2023 By 19.01.2023	
7	B-42	Publication of notice of ballot (by ballot holder). Issue of ballot papers. Spoilt ballot papers.	Schedule 2, para. 3a The ballot holder shall at least 42 days before the day of ballot, publish the notice of ballot. Schedule 2, para. 3 42 days before the ballot date Schedule 2, para. 11 Spoilt ballot papers may be replaced at any time from the issue of ballot papers.	By 19.01.2023 By 19.01.2023 From 19.01.2023	
8	B-42	Last day for postponing the day of the ballot by up to 15 days.	Schedule 2, para. 2 (2) - No later than 42 days before the day of the ballot, the ballot holder may postpone the day of the ballot by up to 15 working days.	By 5pm 19.01.2023	
9	B-10	Last day for the appointment of a proxy.	Schedule 2, para. 5 (5) An application to appoint a proxy shall be refused for the purposes of a particular ballot if the ballot holder receives it after 5 p.m. on the tenth day before the day of the ballot.	By 5pm 20.02.2023	

Business Proposal

10	B-7	First day for the request for issue of replacement of LOST ballot paper.	Schedule 2, para. 12 Where a voter has not received their ballot paper by the seventh <u>working day</u> before the day of the ballot, that voter may apply (whether or not in person) to the ballot holder for a replacement ballot paper.	From 21.02.2023	
11	B-5	Last day for cancellation of proxy.	Schedule 2, para. 5 (10) A notice under sub-paragraph (9) by a person entitled to vote cancelling a proxy's appointment shall be disregarded for the purposes of a ballot if the ballot holder receives it after 5 p.m. on the fifth day before the date of the poll at that election.	By 5pm 25.02.2023	
12	B	<u>Ballot Day</u>	Schedule 2, para. 2 N.B. The time-period in which a ballot can be secured in relation to the date the ballot holder published the "notice of ballot is detailed under Schedule 2, paragraph 2 – (1) (c) "at least 42 days after, but no more than 90 days after, the date on which the ballot holder published the notice required by paragraph 3 (a)." (See also Item 7).	02.03.2023	
13	B+1	The Count	Schedule 2, paras. 14-16 As soon as practicable after the day of the ballot, the ballot holder shall make arrangements for counting the votes cast on such of the ballot papers as have been duly returned (in accordance with paragraph 13) and record the number counted.	By 03.03.2023	

Business Proposal

14		Declaration of results.	Schedule 2, para 17 (2) The ballot holder, having made the certification under subparagraph (1) Shall:		
	B+1		(a) forthwith make a declaration of the matters so certified; and	From	03.03.2023
	B+8		(b) Give public notice of the matters so certified as soon as practicable and within 7 days after the counting of the votes.	By	09.03.2023

11.0 Public Sector BID Involvement**11.1 Baseline Services**

A baseline service agreement ensures the BID does not use the levy money to duplicate any services provided by Argyll and Bute Council & Police Scotland. The services directly delivered by the BID additional to any statutory services. The baseline services agreement gives an assurance to businesses that the levy payment will only be used for **additional** projects which they voted on in the BID ballot. Additionally, a baseline agreement avoids the risk that public agencies including Argyll and Bute Council will not reduce its statutory level of service to the BID area following a successful ballot.

For a full and detailed list of services provided in the BID area by Argyll and Bute Council, please refer to Appendix 6 Council Baseline information and Baseline Agreement.

The services already provided by Argyll and Bute Council

Argyll and Bute Council provides the following services (both statutory and discretionary) within the BID area: -

- **Trading standards and advice Services**
- **Street Cleansing and Bin Emptying**
- **Commercial Waste** – collection and recycling
- **Strategic Transportation**
- **Economic Development** – Business Gateway
- **Horticulture & Grounds Maintenance** – Open Space Maintenance – Playing Fields
- **Roads Maintenance** – Roads, pavements and car park maintenance
- **Street Lighting and Maintenance**
- **Planning, Housing, Regulatory Services and Building Standards**

The services already provided by Police Scotland:

- 24/7 Policing response
- Crime prevention

Business Proposal

12.0 Measuring Success

12.1 Measuring the Success of the BID

Throughout the lifetime of the BID, all work on the BID projects will be monitored to ensure the projects proposed in the BID Business Plan achieve a high level of impact and are progressing to the satisfaction of the businesses that voted for the BID.

The BID Board of Directors will monitor and oversee the efficient delivery of the BID projects.

The BID will undergo an independent evaluation and or Assessment and Accreditation Interim Review (AAIR) of its activities at the halfway point and towards the end of the third term.

The AAIR: -

- Is a bespoke review, which recognises and accords with the Scottish BIDs legislation and the public and private sector environment in Scotland
- Gives confidence to businesses and the Board of Directors that the practices of the BID Company are robust and accord with good practice and
- Supplies an audit trail to support any future evaluation of the BID Company.

In developing the Interim Review, a consultation was undertaken with,

- Key stakeholders and organisations
- key UK national businesses
- The Scottish Retail Consortium; and

reviewed existing assessment and accreditation frameworks, including existing documents used to assess BID Proposals in the UK, to identify key lessons.

The AAIR is recommended by Scotland's Improvement Districts (SIDs) as good practice and is included as one of the good practice elements of any Scottish BID Proposal and BID Business Plan.

12.2 Marketing, Communications and Social Media

To ensure openness and transparency in the management of the BID company, following a successful ballot, the BID Board have agreed the BID Business Plan should include, but not limited to; - one to one business engagement, business briefings, social media engagement, newsletters for those businesses (preferring hard copy information or with no access to IT), business forums, business networking meetings etc.

Additionally, the following information is to be displayed on the Dunoon Presents BID website: -

- The current BID business plan.
- The annual accounts
- The BID ballot result.
- The contact details for the BID manager and other staff members.
- The names of BID board members and either the name of their business or the sector they represent.

Business Proposal

- BID board governance structure with specific reference to how decisions are agreed and actioned.
- Details of director Meetings the agenda and minutes - abridged where necessary
- The methods levy payers can provide feedback to the BID e.g., AGM and/or other regular meetings.
- An annual report detailing the BIDs the projects/services/initiatives delivered and the cost of each; and the Dunoon Presents achievements and the value the BID provides to levy papers.

13.0 Finances

13.1 Estimated Income and Expenditure

There are circa 430 eligible properties located within the BID area (this figure may change as businesses move, expand or close). The BID levy income is calculated to be approximately £130,000 per annum.

An amount has been set aside in the budget under 'contingency' to allow for any bad debt.

The improvement levy will make it easier to obtain other sources of funding for specific projects and these opportunities will be pursued. The BID aims to attract other investment, sponsorship and trading income to increase the amount available to spend on your projects as they develop. Funds will be sought from but not restricted to Visit Scotland and Argyll and Bute Council.

As the BID progresses, more income will be attracted, and this will be invested in improving the town centre for the benefit of the businesses and local community.

13.2 Financial Management Arrangements

Any variations within budgets will be reported to the Board of Directors.

The Board will agree on an annual basis how funds for subsequent years will be allocated. This will be based on business feedback during the previous year and the priorities for the coming year, which allows the BID the flexibility to respond to changing business needs and requirements.

Argyll and Bute Council will collect the levy payments on behalf of the BID and will retain these funds in a separate account until the BID Board calls these funds down. The BID Board will manage the levy funds that are collected by the Council. This arrangement will ensure that projects are delivered, and any financial liabilities of the BID are transparent.

Business Proposal

13.3 Dunoon Presents BID Projected Income and Expenditure

INCOME	YEAR 1	YEAR 2	YEAR 3*	YEAR 4*	YEAR 5*	TOTAL
BID LEVY	£130,000	£130,000	£143,000	£143,000	£143,000	£689,000

EXPENDITURE	YEAR 1	YEAR 2	YEAR 3*	YEAR 4*	YEAR 5*	TOTAL
EVENTS	65,000	65,000	72,500	72,500	72,500	347,500
SPACE	11,000	11,000	14,500	14,500	14,500	65,500
COLLABORATION	0	0	0	0	0	0
IDENTITY	10,000	10,000	12,000	12,000	12,000	56,000
OPERATING COSTS	38,000	38,000	38,000	38,000	38,000	190,000
CONTINGENCY	5,000	5,000	5,000	5,000	5,000	25,000
KPI INDICATORS	1,000	1,000	1,000	1,000	1,000	5,000
TOTAL	130,000	130,000	143,000	143,000	143,000	689,000

*The income and expenditure tables show figures if a 10% increase in levy is made by the BID board in years 3.4 and 5

14.0 Contact Information

Full details of the voting and levy arrangements will be available online prior to the postal ballot www.dunoonpresents.co.uk/members/documents; or can be requested by email colin@dunoonpresents.co.uk.

If you would like more information, please visit our website www.dunoonpresents.co.uk or contact the BID Manager by telephone, e-mail or make an appointment to see them.
Colin Moulson, BID Manager

T: 07765770858

E: info@pa23.org.uk.

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APPENDIX 3
DUNOON PRESENTS BUSINESS PLAN
APRIL 15, 2023 – APRIL 14, 2028

Contents

1. Foreword
2. What is a BID
3. Why Dunoon needs a BID
4. Achievements to date
5. The Next 5 years
6. BID Levy
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8. Management of the BID
9. What if Businesses vote no?
10. The BID area

Foreword

As the Dunoon BID board, we are delighted to present this third term renewal proposal which outlines the priorities of the business community. We are all passionate and optimistic about the future of the town and we are excited about how we can continue to improve Dunoon by working together.

The projects and ideas that are detailed in this business plan came from the levy payers, gathered from our surveys, meetings, and consultations. They shaped the overall strategy that will allow us the opportunity to revitalise the town.

We have all been involved in Dunoon for many years between us now and know a lot of the local business people. The town in that time has become a regular host for major event activity which has stimulated hundreds of thousands of pounds into the local economy. These events have been the catalyst for new tourists and visitors to the area from across Scotland and further afield and we believe the town is on the cusp of major positive change in many ways. The work of the BID has been pivotal to the evident progress, and this now needs to be taken to the next level, with the BID working alongside key local stakeholders to bring about much needed progress in local infrastructure and public realm projects.

Supporting the Dunoon presents BID for a third term is a great opportunity to collaborate and make improvements that would not happen otherwise. We are asking you to commit to this at a time where many costs are rising however with this levy, we can access external funding not available to individual businesses and we can implement projects that will help Dunoon prosper.

Ballot papers will be distributed by post no later than 19 January 2023. You will have 6 weeks to cast your vote before the ballot closes at 5pm on 02 March 2023. Ballot papers received after this date and time will be null and void. We passionately believe that the town will continue to thrive and evolve with another BID five-year term.

What is a Business Improvement District (BID)?

A Business Improvement District (BID) is a geographically defined area, where businesses come together and agree to invest collectively in projects and services the businesses believe will improve their trading environment. BID projects are new and additional projects and services; they do not replace services that are already provided by Argyll and Bute Council and other statutory bodies.

BIDs are developed, managed, and paid for by those who are liable to pay non-domestic rates (NDR) by means of a compulsory levy, which the eligible persons in the proposed BID area must vote in favour of, before the BID can be established. Each eligible person liable to pay the BID levy will be able to vote on whether the BID goes ahead.

“Business” or variations of the word “business” are used throughout this document. The word “business” in this context refers to property owners or tenants and occupiers of properties who are liable to pay the non-domestic rate (NDR), whether they pay business rates or not. This includes all properties listed on the Scottish Assessors Association Portal (website) with a non-domestic rateable value, many of whom may be a charitable organisation, public sector organization, social enterprise or community group who may not consider themselves to be a business.

A baseline service agreement ensures the BID does not use the levy money to duplicate any services provided by Argyll and Council and Police Scotland. The services directly delivered by the BID additional to any statutory services. The baseline services agreement gives an assurance to businesses that the levy payment will only be used for additional projects which they voted on in the BID ballot. Additionally, a baseline agreement avoids the risk that public agencies including Argyll and Bute Council will not reduce its statutory level of service to the BID area following a successful ballot. This document is available on request.

Why Does Dunoon Need a BID?

If we do nothing, then nothing will be done and the progress that we have made over the last 10 years will be lost.

Dunoon has started to emerge from a long period of decline but now the work to allow the town to keep progressing must intensify even more. The primary focus of Dunoon presents has been all about the events and we have curated a programme that is working well for the area however it is now time to diversify our business plan working with key local stakeholders to deliver a wider range of projects including shopfront/premises improvements, streetscape enhancements and improved marine facilities.

We are really excited about The Dunoon Community Project as it will have a positive impact on the retail businesses and holiday accommodation providers. We want to make sure that visitors coming to the area for these activities will spend as much time in our town centre as possible so we need to develop plans to make the most out of the opportunities that will arise. This multimillion-pound community led leisure development, progressing rapidly around Bishop's Glen was inspired by the work of the Dunoon Presents BID and made our team realise that this was the way forward for the future of the town. Dunoon Presents have and will continue to work closely with the consortium developing this major piece of infrastructure, to ensure real and lasting legacy

The BID board fully understands that times have been hugely challenging, and this is continuing with local businesses increasingly worried about the availability of staff and rising costs including energy and raw materials. Certain things we can't fix however what we can do is

- work together to increase footfall, encouraging more people to Dunoon who spend money in the local economy.
- Encouraging people to spend more time in the town by making sure it is looking clean and attractive
- Promote the businesses better through social media, advertising and on the website
- Improving the perception of Dunoon as a place to visit with a variety of marketing activities

We know that there is so much work still to do and the BID provides a unique opportunity for businesses across all sectors to work together, invest collectively and undertake projects which can contribute positively to improving the economic viability of businesses in Dunoon and securing investment in the area. The BID has levered over £2.8million into the Dunoon economy in the last nine and a half years. It's a winning formula that will see a further £1.75million of growth in the Dunoon economy over the next five years; providing the BID continues.

BID ACHIEVEMENTS TO DATE

The Dunoon BID has majored on a highly successful strategy of high end, adrenaline driven and competitive focused outdoor events and music events. In doing so we have created a completely new consumer and visitor offer for the town and crucially, a renewed and modernised sense of identity.

The events strategy in place takes account of feedback from the first BID term and that was: 'to develop more events that generate multi night stays in Dunoon'. This is clearly not possible at every event but has become a much more significant feature of the events calendar.

Drive in Cinema: Immediately following the easing of the first lockdown in July 2020 a hugely successful, full weekend sell out drive in/outdoor cinema was staged at the gasworks site in Dunoon town centre with the significant assistance of the landowner, who also owns/runs a local business. This was the first open/air drive in cinema staged in Scotland since the easing of the lockdown. The event almost broke even commercially and generated a tangible feel good emotion around the town and was only able to take place with a huge amount of hard work from a dedicated team of local people.

European Water Ski Racing Championships: Dunoon hosted this prestigious event for the first time, in Autumn 2018 and around 300 competitors stayed in Dunoon for a full week generating approx. 1300 bed nights. The event started immediately following the finish of the Cowal Highland Gathering and therefore the local economy benefited for an extra week, with this influx of people. This led to an ongoing relationship with the World Water Ski racing federation and the world championships remain a future possibility.

Markets: Throughout the first year 2020 of lockdown, it still proved possible to stage four seasonal outdoor markets within Argyll Gardens which were and managed safely alongside strict covid protocols. The town now hosts five outdoor markets annually and this is an established and popular aspect of community activity.

Argyll Rally: In June 2021 at the start of the easing of the second major lockdown, the third Argyll Rally was able to be successfully staged. This was made possible by a detailed submission from Dunoon Presents as main event sponsors, to Motorsport UK, the sport's governing body. This detailed the close collaboration between DP and Mull Car Club and the positive and safe impact the event would have on the town and surrounding areas, outlining the wider benefits to spectators and competitors' mental health and finally, not least the much-needed economic impact the event would generate into the local economy. Local history was made by the event going ahead as it also marked the staging of the first ever town centre closed road stage of the rally, a new introduction and one which has subsequently set the rally apart from any other in the UK. The Argyll Rally is now established on the Scottish Motorsport calendar, having first run in 2017. This event is estimated to attract over 600 competitors/crew alone, generating well over 1,100 bed nights over the course of three days.

Dunoon Ultra Marathon and Relay: This endurance running event has been running six years and annually attracts around 200 runners from all over the UK to Dunoon and is now

firmly established in the UK ultra-marathon running scene. The event starts at Benmore Gardens and finishes on Dunoon Pier

Doon the Watter Revival Music Festival: This annual small festival comprises approximately 400 attendees who are almost entirely visitors to Dunoon from the central belt and beyond, generating around 600 bed nights over the course of a full weekend

Dunoon Dazzles Winterfest: The annual Dunoon Christmas lights switch on event has grown into a weekend of multi activities, live music, family entertainment and gigs. This community event is one which does not specifically attract an audience from beyond Dunoon but is however a very much anticipated annual highlight for the entire town.

Enduro Mountain Biking: Dunoon now regularly hosts a round of the Scottish Enduro Series Mountain biking championships over a full weekend between Spring and Autumn. The work done by Dunoon Presents to collaborate with external partners has been the key to Dunoon becoming a well-known and respected location in Scotland as a fast-emerging mountain biking destination and this is continuing to develop as the Dunoon Community Project emerges. After a successful bidding process in summer 2022 Dunoon is back on the national championship circuit again for late April 2023 and this will attract approx. 350 elite competitors to the town for a full weekend of racing, generating approx. 500 bed nights. This event also includes a spectacular closed road, town centre urban stage of competitive racing, staged on the Saturday evening within Castle Gardens and attracts many hundreds of spectators into the town centre to watch the action.

Aqua Adrenaline Power Boat Championships Round 6: September 2022 saw this high-octane spectacle return to Dunoon for the first time in almost two decades and racing took place in the East Bay all day on Saturday 10th September, with large crowds gathered on the town promenade to beyond Kirn, enjoying this free to watch family friendly and highly visual event. Discussions are now ongoing to decide whether this event can become an annual town fixture

Sunset Ceremony: This Thursday evening pre Cowal Games family entertainment event is now under the stewardship of Dunoon Presents and by doing so, the future of an event, valued and close to the hearts of a great many locals is secured

Cowalfest: Dunoon Presents introduced this local event for the first time in August 2021 in an effort to address the fact the Cowal Highland Gathering (CHG) was not taking place as a result of ongoing covid issues. This was staged in Argyll Gardens and comprised a full day of family entertainment, music, children's shows and dancing. Blessed by good weather, this inaugural event proved a huge hit with locals and was repeated again in 2022 in close collaboration with the CHG organisers to ensure no conflict. We believe this event will now become an established annual fixture in the town and ensure the final day of the CHG continues into the late evening, within the town centre.

Dunoon Giftcard: This was introduced in late November 2020 and is administered by Dunoon Presents. Card(s) can be purchased in several businesses and can only be used/redeemed locally and are now accepted in the majority of local businesses as a method of payment. Monies owed are refunded to the business accepting the card within days. The scheme has been a huge success and to date and has generated almost £19k in local sales and is now a permanent and popular gift option around the local area.

Punk on the Peninsula: This small indoor festival, which had been staged previously in the town, was significantly upscaled in 2022 with the involvement and investment from DP which resulted in the weekend of the event transforming into an outdoor festival with stage and significantly increased attendance numbers as a result of the higher profile of bands who were attracted, included headliners The Skids.

Switch of BID activity during Covid:

Due to the nature of the Dunoon BID being solely events focussed, a rapid and distinct departure from the normal modus operandi was required during both main lockdowns and this was evident in how the BID became the key 'go to' source of vital covid related information cascaded to businesses around trading restrictions, emergency grants assistance, online training seminars, issue of safety equipment such as hand sanitisers, amidst many other aspects. DP also provided Covid related external street signage to advise of safe distances to operate and signage which proclaimed the 'clean hands save lives' public health message during the height of the pandemic. A significant element of this activity around the end of the first lockdown and at the point staycations were at their peak, was a Dunoon destination marketing campaign targeting the central belt, comprising social media campaigns and roadside billboard ads. This and much of the Covid related activity was funded from monies applied for and awarded by, the Scottish Government Recovery Resilience Funds scheme, created to kickstart local economies.

The Next 5 years

To develop our business plan, we consulted the businesses through surveys, meetings and one to one consultation to identify the priorities for Dunoon over the next 5 years. In summary, businesses want us to continue delivering the projects that have been developed over the last 2 terms but want us to expand on these, to work more effectively with partners and to improve communication with the BID businesses. If successful the BID board will take the time to review our procedures, update 'good practices' and start the new 5-year term with fresh vibrancy and efficiency to deliver more for your business.

Dunoon Presents recognises that local businesses and people who work in them are very concerned about rising costs, some are still recovering from COVID enforced lockdowns and Government restrictions. We feel it is important for us to continue to work together in an effort to navigate the difficult and uncertain times ahead whilst at the same time planning and looking forward to economic recovery for Dunoon.

We have addressed your priorities over 4 main themes:

Events

Dunoon Presents has grown to become a recognised brand synonymous with high quality events. At renewal, the BID will build on this firm foundation, generating ever increasing visitor numbers to the benefit of local trade and your bottom line by continuing to host events that attract high spending customers who stay in the area for multiple night stays.

- Increases footfall and dwell time
- Increases economic spending
- Raises the profile of Dunoon
- Attracts visitors from further afield
- Benefits retail and accommodation providers, also indirectly supports their local suppliers.
- We have been asked to promote the events to a wider audience more effectively
- Continue enhancing the reputation of Dunoon as a base for high-octane, outward looking, participation sports events. This is our 'unique selling proposition', running, Mountain Biking and Triathlon events attract athletes from the west coast, central belt and beyond. Competitors and visitors to these events provide by far the biggest annual spend. Participation and spectator events such as the Argyll Rally bring another exciting dimension to the town.
- Dunoon Presents will seek to support sporting, music, cultural and community events with regional appeal. The aim is to attract a fresh new audience and demographic profile - more visitors with more disposable income. Dunoon Presents will act as an enabler and may offer match funds to new, professionally run events meeting the BID criteria, pulling people into Dunoon from beyond the immediate area with measurable benefit to the retail and service economy.

- We will deliver a series of community events to draw local people into town more often. The BID will continue to develop the town's Christmas offering including the street market, fairground and musical attractions.
- The objective is to build on Dunoon's success and attract new audiences.
- We will evaluate the events with questionnaires to local businesses and also to the visitors so we can gather data about those attending along with monitoring the economic impacts.

Identity

At the outset in 2012, available research highlighted a public perception that there was nothing to do in Dunoon. We have been working tirelessly for the last 10 years to curate a programme of exciting events that people will travel each year to visit and attend. We have amazing natural resources, the water, forests, and the hills that make Dunoon and the wider Cowal the special place that it is, lets continue to develop activities that show off our strengths and work with others to improve the perception of the area. Ambitious events focusing on sport, music and culture will continue to confirm Dunoon as an exciting place to live, visit and return again and again to help create the right conditions for continued business growth in Dunoon.

- Prioritising the development of a marketing strategy for the next five years including a revamp of the existing website and social media presence.
- Be creative and use a wider network of resources and specialist media outlets to put Dunoon on the map. Good stories sell and bring visitors to sample the Dunoon experience for themselves.
- Dunoon Presents will develop stronger relations and lines of communication with other successful BID Towns to share information and best practice with a view to maximising the positive impact of Dunoon Presents on the local community.
- Generate maximum PR in regional terms and via special interest titles creating regular news features about Dunoon and its sporting, cultural and community events.
- Marketing campaigns will set out to welcome and encourage more event participants and visitors to Dunoon.
- Work with tourism partners to bring visitors from a wider catchment and with higher disposable income.
- Targeted marketing will focus on communities of interest to generate new business and bring increasing numbers to sporting, music, cultural and community events.

- Explore printed and online business directories

Collaboration

The pre ballot survey indicated the need for greater collaboration with the appropriate local groups and external funders to bring about more rapid progress on infrastructural projects that need to be brought forward/expedited. This will hopefully bring about additional funding opportunities by working in partnership this way.

- The business community need to have an active voice with future projects in Dunoon
- Looking to secure additional external funding with the support of local groups
- Continue to lobby our local authority and Government for improved changes to Dunoon
- Save money through joint procurement
- New focus on sustainability, helping businesses through changes that will be implemented by the Scottish and UK Government to deliver net zero.

Space

With improvements to the Queens Hall, Argyll Gardens and Dunoon CARs scheme , along with numerous events, festivals and other projects in the pipeline, the town is reestablishing itself as a leisure tourism destination, bringing more people to the area. Dunoon presents are aware that there is a need to do more. We need to continue to improve the physical appearance of our town centre and waterfront area for this to have the maximum positive economic impact for local businesses.

- Continue with shopfront/premises improvement grants
- A renewed focus on cleanliness
- Troubleshooting problem areas with assistance from Argyll and Bute Council
- Exploring additional plants/flowers with community partners
- Improving Marine infrastructure and gateway to the town
- Creating digital 'What's on' community notice board
- Introducing vertical banners from lighting columns

BID INCOME & EXPENDITURE

INCOME	YEAR 1	YEAR 2	YEAR 3*	YEAR 4*	YEAR 5*	TOTAL
BID LEVY	£130,000	£130,000	£143,000	£143,000	£143,000	£689,000

EXPENDITURE	YEAR 1	YEAR 2	YEAR 3*	YEAR 4*	YEAR 5*	TOTAL
EVENTS	65,000	65,000	72,500	72,500	72,500	347,500
SPACE	11,000	11,000	14,500	14,500	14,500	65,500
COLLABORATION	0	0	0	0	0	0
IDENTITY	10,000	10,000	12,000	12,000	12,000	56,000
OPERATING COSTS	38,000	38,000	38,000	38,000	38,000	190,000
CONTINGENCY	5,000	5,000	5,000	5,000	5,000	25,000
KPI INDICATORS	1,000	1,000	1,000	1,000	1,000	5,000
TOTAL	130,000	130,000	143,000	143,000	143,000	689,000

*The income and expenditure tables show figures if a 10% increase in levy is made by the BID board in years 3.4 and 5

BID LEVY

A BID levy is an equitable and fair way of funding additional projects and services, which the local authority and other statutory bodies are not required to provide. There are approximately 430 commercial properties in the BID area which will generate a BID investment levy income of approximately £130,000 per annum and an estimated total levy income of £689,000 over 5 years.

It has been agreed by the BID Board: -

- The levy structure will be based on a banded fee structure fixed on the rateable value (RV) of the property on the day of the ballot 02/03/2023
- There will be no increase in the levy throughout the BID term because of a non-domestic rateable revaluation occurring during the BID term.
- The board have agreed that there should be no increase in levy within the first two years of a third term, but consideration shall be given to an increase in years 3,4 and 5 that would be capped at a maximum of 10% of the levy amount.
- The BID levy will be paid by the property occupier - the person liable to pay the non-domestic rate.
- All eligible occupiers (of eligible properties) i.e., the eligible person liable to pay the non-domestic rate that are listed on the Local Assessors Valuation Roll on the ballot date will be liable to pay the levy.
- The levy payments are not linked to what businesses actually pay in rates but are based on the rateable value of the property.
- The levy must be paid either in 1 payment, 2 payments in June & December within 28 days from the date of the levy invoice or in 10 instalments by arrangement with Argyll and Bute Council.
- If there is a change, in occupier to a property, until a new occupier is found, the property owner will be responsible for paying the levy.

- Any new commercial development, subdivision of existing properties or merging of properties or new business with a non-domestic rateable valuation coming into the area during the 5-year term of the business improvement district will be liable for the BID Improvement Levy.
- If a property is vacant on the day the levy invoice is issued or any subsequent vacant periods, the property owner will be liable to pay the levy.
- Self-catering holiday accommodation which is not the sole or main residence of any person, and which is available (or intended to be available) for letting on a commercial basis, with profit in mind, for short periods totalling more than 140 days in the financial year remain liable for non-domestic rates for the whole year and will be included.
- The levy will apply to properties with a rateable value of £999 and above. Levy bandings will be applied with a maximum banding at £111,000 and above.
- The BID levy will **not** be index-linked to the Retail Price Index (RPI) or the Consumer Price Index (CPI) to take account of inflation, so that those liable to pay the levy can budget accordingly for the full five-year term.

Businesses outside of the BID Zone, or otherwise exempt from the BID Levy, can choose to make Voluntary Contributions. VCs from businesses will be determined by their rateable values and will be paid on an annual basis. These businesses will thereafter be entitled to benefit from being members of Dunoon Presents. Any business making an VC will require to at least match the Levy threshold of £220 prior to becoming a member of the company. There will be no limit on Voluntary Contributions from individuals. Together with the Levy Payers, organisations making VCs can become a Member of the Company. Membership benefits include access to Company information and log-in to the business section of the website.

Exclusions

The BID Board decided to exclude premises that have a rateable value of less than £999.00. These premises can pay a voluntary levy and become an “associate member” should they wish.

The BID Board decided that there is no benefit from being part of the BID to the following categories of property and therefore are exempt from paying the levy – schools, places of worship, non-retail charitable organisations with a rateable value of 15K or less, Hospital, Ambulance, Fire, Coastguard, Job Centre, Careers office, voluntary clubs, the Museum, and social care establishments.

A further concession under this proposal is that all properties designated as stores, where no trade, commercial activity or direct operational/logistical support to a business takes place, will be exempt from the levy at all bands.

The Levy Table

Rateable Value (RV)	Each Week	Each Month	Annual Levy	No of Businesses	Total
0 to 999	Voluntary	Voluntary	Voluntary	0	£0.00
1,000 to 9,999	£4.23	£18.33	£220.00	331	£72,870.00
10,000 to 15,999	£6.88	£29.83	£358.00	50	£17,900.00
16,000 to 23,999	£10.06	£43.58	£523.00	18	£9414.00
24,000 to 39,999	£12.60	£54.58	£655.00	8	£5240.00
40,000 to 48,999	£16.83	£72.92	£875.00	3	£2625.00
49,000 to 63,999	£22.98	£99.58	£1,195.00	5	£5975.00
64,000 to 110,999	£31.63	£137.08	£1,645.00	2	£3290.00
111,000 +	£42.21	£182.92	£2195.00	6	£13170.00
				423	£130484.00

The BID Board decided to continue to use a fee structure, as detailed above, to calculate the levy fee. The reasons behind this are as follows: -

- The levy payments add up to the amount required to deliver the business plan.
- A banding system was chosen as it represents a simple and easy way for businesses to identify their levy payment, provides for ease of collection and represents a fair and reasonable methodology. Everybody benefits therefore everybody pays.
- A minimum payment of £4.23 per week is believed to be affordable for the smallest businesses.
- Through consulting with the businesses, a maximum of £2195 is believed to be affordable for the businesses at the higher end of the banding.

Collection of the BID Levy

Argyll and Bute Council will collect the investment levy on behalf of the BID, as this will be an efficient, safe, and cost-effective method of collection. Argyll and Bute Council will lodge the levy within a BID Revenue Account. The BID levy can only be drawn down by the Board of Directors of the BID to allow the delivery of the business plan.

The BID Revenue Account and levy cannot be accessed by Argyll and Bute Council, nor can it be used by the Council as an additional source of income.

Enforcement

In the event of any non-payment of the BID improvement levy, it will be strongly pursued by Argyll and Bute Council (as the billing body) using the recovery powers available to the Council to ensure complete fairness to all the businesses that have paid. Argyll and Bute Council will be entitled to charge an additional fee to the levy amount to meet any additional costs incurred in the recovery of the levy.

THE VOTING PROCESS

Pre-Ballot

The BID Proposer must submit, at least 98 days in advance of the ballot date, the BID Proposals to the Local Authority, the Scottish Ministers, and the billing body along with a letter detailing their intention to put the BID Proposals to ballot. The local authority has then, 28 days in which to veto or not veto the BID Proposals. i.e., $98 - 28 = 70$ – under the legislation the prescribed period is 70 days prior to the day of the ballot. The local authority is required, under legislation, to notify the BID proposers and the Scottish Government, in writing, if the authority is or is not vetoing the BID proposals. A 'Notice of Ballot' will be issued at least 42 days before the day of ballot. The BID Proposer will make available a copy of the BID Proposal to any person, who is eligible to vote on the BID Proposals, who requests a copy.

The Ballot

- Ballot papers will be posted to the eligible person responsible for casting a vote within their business at least 42 days before the day ballot. In the case of national companies, the responsibility for voting may lie with head office.
- Prior to or on the date the ballot papers are issued the BID Proposer will provide to all those eligible to vote in the ballot, with a copy of the BID Business Plan.
- The BID ballot is a confidential postal ballot conducted by Argyll and Bute Council on behalf of Dunoon Presents BID and in accordance with Scottish BID legislation.
- Where an eligible property is vacant the voting papers will be sent to the property owner.
- In the Dunoon Presents BID case, voting papers will be issued no later than 19/01/2023.
- The last date for all ballot papers to be returned is 5pm on 02/03/2023. Papers received after this date and time will be deemed null and void and not be counted.
- Voting papers are easy to complete, simply place a cross on either "yes" or "no" to the question "are you in favour of a BID?" The ballot paper must then be signed by the person eligible to vote and returned in the pre-paid envelope.
- For the ballot to be successful there must be a minimum turnout of 25% (the headcount) by number of eligible persons and by combined rateable value; and of those who turnout, the majority must vote in favour by number and rateable value.
- All eligible persons (i.e., those persons liable to pay non-domestic rates) will have one vote or where a person is liable for non-domestic rates for more than one property, that individual shall be eligible to cast more than one vote however they will be required to pay the levy for each of the properties that they occupy.
- The ballot papers will be counted on 03/03/2023 and the results announced by the Argyll and Bute Council within one week.

- Following a successful ballot, the BID will commence on 15/04/2023 and will run for a period of five years until the 14/04/2028.

MANAGEMENT OF THE BID

Following a successful yes vote, the management and operation of the BID will continue under the existing company structure and name. The Company will continue to be managed by its Board of Directors operating in an open and transparent way and answerable to the businesses in the area. The Directors are committed to the highest standards of management, governance, and accountability; recognising good governance helps deliver the strategic objects of the company. There will be a detailed set of protocols (the Operating Agreement) which will cover, as well as other items, the billing, collection, and transfer of the levy to the Company.

The Board of Directors may consist of up to 10 directors, of which there are currently 8 in office. An active campaign will be launched after the successful ballot to recruit additional directors to the Board. Every eligible person that pays the levy will have the opportunity to nominate themselves or someone else from within the BID area to be elected to the Company Board but limited to one eligible person from each eligible property. Nominations of directors, representatives, or advisors from outside the BID, who **do not** pay the levy and **who may or may not** represent those making voluntary or other financial contributions toward the BID, will be strictly at the discretion of the Board of Directors.

The Company will continue to be run by the businesses for the businesses. This Board will be responsible for all decisions relating to staff, contracts, the delivery of the approved business plan and other activities generated by the BID. The Board will be representative of the businesses and stakeholders in the area. The Chair, Vice Chair and Finance Director will be elected from the directors of the Board. The Board will include 1 representative from Argyll and Bute Council. Other non-voting members or local groups may be co-opted onto the Board at the Board's discretion.

The BID Company Board will have the authority to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the levy payers and without recourse to an alteration ballot.

Additionally, the BID Company Board reserve the right to consider creating a charitable arm of the company to enable it to secure additional funding, which can only be sourced with charitable status.

What if businesses vote no?

If the Business Improvement District is unsuccessful with the ballot, all services and activities will stop on the 1st April 2023 and the board of directors will officially wind up the company aiming for this to be done by 14th April 2023, the last day of the 5-year term.

There is no alternative organisation to fund and continue the projects that the BID has been delivering for Dunoon.

- No large-scale events will take place in Dunoon and footfall will reduce significantly
- The Dunoon Gift Card will cease to exist
- The significant potential for economic growth will be at risk
- Collaboration and partnership working will not happen on such a large scale
- External funding for any activities will no longer be able to be accessed by the businesses
- No website to promote businesses and activities
- Social Media sites will be closed
- Marketing and advertising will stop
- Lobbying in support of the businesses will stop

This is a sample of the activity that would no longer take place in Dunoon, we need you to vote for us to continue this work.

THE BID AREA

The BID Area includes the major shopping and commercial streets within the town – all those included in the first BID term.

The BID area encompasses approximately 430 properties - we believe that through the BID, businesses in Dunoon are stronger together.

The BID Zone proposed reflects the main business and commercial area; all businesses were asked to contribute their ideas to the plan prior to the voting decision.

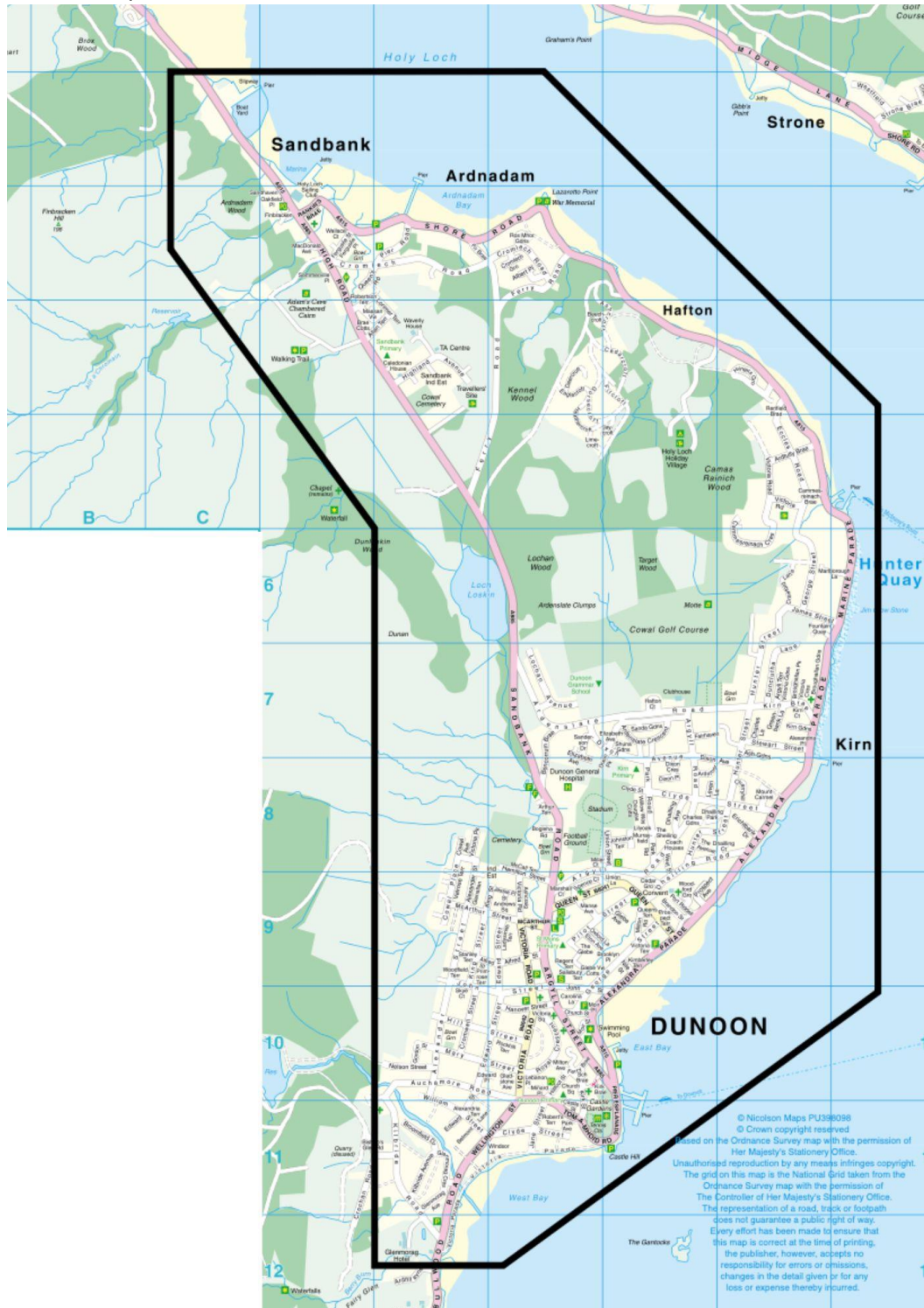
The following streets were chosen to be included in the BID area as consultations with businesses in this area highlighted several common issues of concern that could be addressed by a BID.

It is proposed to include the following principal streets

Albert Crescent	Church Square	Glenmorag	Massan View
Alexander Street	Church Street	Avenue	Miller Court
Alexandra	Clyde Street	Glenmorag	Milton Avenue
Parade	(Dunoon)	Crescent	Milton Road
Alexandra Place	Clyde Street	Gordon Street	Minard Place
Alexandra	(Kirn)	Gorsecroft	Moir Place
Terrace	Coach Houses	Greenbank Lane	Moir Street
Alfred Street	Cowal Avenue	Hafton Court	Mount Carmel
Allan Terrace	Cowal Place	Hamilton Street	Murrayfield
Ardenslate	Crawford Lane	Hanover Street	Nelson Street
Crescent	Crochan Road	Heathercroft	Nile street
Ardenslate Road	Cromlech Grove	High Road (Part)	Oakfield Place
Ardmhor	Cromlech Road	Highland Avenue	Oxford Lane
Ardtully Brae	Cromwell Street	Hill Street	Park Avenue
Argyll Road	Deercroft	Hillfoot Street	Park Road
Argyll Street	Dhailing Avenue	Hunter Street	Pier Esplanade
Argyll Terrace	Dhailing Court	Hunter's Grove	Pier Road
Arthur Terrace	Dhailing Park	James Street	Pilot Street
Ash Gardens	Dhailing Road	Jane Street	Port Riddell
Ashcraig	Dixon Avenue	Jaycroft	Primrose Terrace
Ash Croft	Dixon Crescent	Jessie Place	Prospect Avenue
Auchamore Road	Dixon Park	John Street	Prospect Terrace
Avenue, The	Dixon Place	Johnson Terrace	Queen Street
Beechcroft	Douglas	Kilbride Avenue	Queen's Road
Belmont Lane	Cottages	Kilbride Road	Queen's Terrace
Bencorrum Brae	Dunclutha Lane	Kimberley	Rankin's Brae
Bishop's Glen	Eaglecroft	Terrace	Regent Terrace
Brae	Eccles Road	King Street	Renfield Brae
Bogleha Road	Edward Street	Kirk Brae	Robert's Terrace
Brae Cottages	Edward Place	Kirk Street	Robertson
(Sandbank)	Elizabeth Avenue	Kirn Brae	terrace
Brandon Street	Erichtbank Drive	Kirn Court	Rockhill Terrace
Brooklyn Place	Eton Avenue	Kirn Gardens	Ros Mhor
Broomfield Drive	Fairhaven	Ladysmith	Gardens
Broughallan	Ferguslie Place	Terrace	Royal Crescent
Gardens	Ferguslie Street	Lebanon Place	St. Andrews
Broughallan Park	Ferry Brae	Leven Place	Square Salisbury
Broxwood Place	Ferry Road	Lilyoak	Terrace
Bullwood Road	Finbracken	Limecroft	Sanda Gardens
(Part)	Fir Brae	Lochan Avenue	Sandbank Road
Cammesreinach	Fircroft	Lorimer Terrace	Sanderson Drive
Brae	Fountain Quay	McArthur Street	Sandhaven
Cammesreinach	George Street	McCall Terrace	School Brae
Crescent	Gladstone	MacDonald	The Sheiling,
Carolina Lane	Avenue	Avenue	Shore Road
Castle Street	Glebe Avenue	Manse Avenue	Shuna Gardens
Cedar Grove	Glebe,	Marine Parade	Skye Court
Cedarcroft	The Glebe View	Marlborough	Sommerville
Charles Gardens	Cottages	Lane	Place
Charles Lane	Glenallan	Marshall Court	Spence Court
Cherryhill		Mary Street	Stanley Terrace

Stewart Street
Tom-A-Mhoid
Road
Union Lane
Union Street
Valrose Terrace
Victoria Crescent
Victoria Gardens
Victoria Parade
Victoria Park
Victoria Road
(Dunoon)
Victoria Road
(Hunter's Quay)
Victoria Square
Victoria Terrace
Wallace Court
Waverley House
Wellington
Street
West Street
William Street
Willow Quay
Windsor Lane
Woodfield
Terrace
Woodford Grove

The BID Map



THERE ARE CIRCA 430 PROPERTIES LOCATED IN THE BID AREA.

Full details of the voting and levy arrangements will be available online prior to the postal ballot at info@pa23.org.uk. This can be requested by email from colin@dunoon-presents.co.uk. Colin Moulson the BID manager can also be contacted on 07765770858.

Draft Operating Agreement

Between

Argyll and Bute Council

and

PA23 BID Company Limited

April 2023

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Operating Agreement

Between:

1. Argyll and Bute Council (the “**Council**”) a local authority consisted by the Local Government (Scotland) Act 1994 having its principal place of business at Kilmory, Lochilphead, Argyll; and
2. PA23 BID (the “**BID Company**”) incorporated as a company limited by guarantee in Scotland with company number SC **SC448869** and having its registered office at 82 Argyll Street, Dunoon, PA23 7NJ.

Recitals

- (A) The Council and the BID Company are in favour of establishing the BID (as hereinafter defined) and the Council has confirmed that it will not exercise its veto in connection with the BID or the BID Arrangements (as hereinafter defined)].
- (B) The Council (or its nominee) is the billing body for the purposes of the BID Legislation and is responsible for the administration, collection and recovery of the BID Levy (as hereinafter defined).
- (C) The Council is responsible for administering the BID Revenue Account (as hereinafter defined) which shall be used towards the operation and funding of the BID Arrangements of the BID in the BID Area (as hereinafter defined).
- (D) The BID Company is responsible for the management, administration and operation of the BID and for using the BID Levy for the purposes of achieving the objectives and aspirations set out in the BID Arrangements (as hereinafter defined and in the BID Company Business Plan).
- (E) Both parties wish to confirm the arrangements by which the BID Levy shall be collected together with general arrangements as to the relationship to be established between the Council and the BID Company for the duration of the BID.
- (F) The purpose of this Agreement is to:
 1. establish the procedure for the setting, collection and remittance of the BID Levy (see Part 4 of the Schedule to this Agreement);
 2. confirm the basis upon which the Council will be responsible for collecting the BID Levy (see Part 1 of the Schedule to this Agreement);
 3. set out the enforcement mechanisms available for collection of the BID Levy;
 4. set out the procedures for accounting and transference of the BID Levy;
 5. provide for the monitoring and review of the collection of the BID Levy;
 6. confirm the manner in which the Council's expenses incurred (if any) in collecting the BID Levy shall be paid.
 7. confirm the basis on which the BID Arrangements are to be delivered by the BID Co on behalf of the Council.

It is hereby agreed as follows:

1 Definitions

1.1 “**Annual Report**” means a report to be prepared by the Council which details the following:-

1. the total amount of BID Levy collected during the relevant Financial Year;
2. the total amount of interest earned on any part of the BID Levy whilst held in the BID Revenue Account;
3. details of the success rate for the collection of the BID Levy;
- 4 the Council's proposals (if any) to help improve its efficiency in the collection and enforcement of the BID Levy;
- 5 details of those BID Levy Payers who have paid the BID Levy and those who have not paid the BID Levy; and
6. the Council's proposals for bad or doubtful debts;

“**Appeal Notice**” means a notice to be served by the BID Company in accordance with Clause 10.2;

“**Bad or Doubtful Debts**” shall have the same meaning as further described in Part 2 of Schedule 3 of the Regulations;

“**Ballot Holder**” means the person appointed by the Council under regulation 7 of the Regulations;

“**Ballot Result Date**” means the date (not later than seven days from the counting of the ballot papers) upon which a successful ballot result has been declared by the Ballot Holder in favour of putting in place the BID Arrangements;

“**Baseline Services**” means those services which are provided by the Council within the BID Area which the Council is required to provide as part of its statutory function as a Council as set out at Part 2 of the Schedule;

“**BID**” means the Business Improvement District which operates within the BID Area and which is managed and operated by the BID Company;

“**BID Area**” means the precise geographical area which is to be managed and operated by the BID Company and as detailed in the BID Proposal, shown in the map at Part 5 of the Schedule;

“**BID Arrangements**” means those arrangements to be put in place pursuant to the Regulations for the operation of the BID;

“**BID Ballot**” means a ballot under section 38(1) of the Planning etc. (Scotland) Act 2006;

“**BID Company's Report**” means a report for each Financial Year to be prepared by the BID Company which details the following:-

1. the total income and expenditure of the BID Levy;
2. other income and expenditure of the BID Company not being the BID Levy;
3. a statement of actual and pending deficits; and
4. the various projects and services upon which the BID Levy has been expended by the BID Company;

“BID Levy” means the charge to be levied and collected within the BID area pursuant to the Regulations;

“BID Company’s Termination Notice” means a notice to be served by the BID Company on the Council pursuant to Clause 12.9;

“BID Legislation” means Planning Etc (Scotland) Act 2006 and associated Regulations as defined in the Business Improvement Districts (Scotland) Regulations 2007;

“BID Levy Payer(s)” means those liable to pay non-domestic rates in the BID area or responsible for paying the BID Levy;

“BID Levy Rules” means the rules set out at Part 1 of the Schedule which sets out how the BID Levy will be calculated, details of Exempt or Discounted Properties and other requirements related to the BID Levy (as may be amended by a successful alteration ballot);

“BID Revenue Account” means the [interest bearing] account to be set up in accordance with paragraph 16 of the Regulations and operated in accordance with Schedule 3 of the Regulations;

“BID Term” means the period not exceeding [5] years from 15 April 2023] or the date on which the BID Arrangements (the Operational Date of the BID Co) come into force.

“Chargeable Period” means the 12-month period commencing from the start of the BID term, and on the anniversary of the start of the BID term for the following 4 years.

“Complimentary Services” means those services which are provided by the Council within the BID Area which are additional services to the Baseline Services, as set out at Part 3 of the Schedule;

“Council Funding” means any funding, grants or monies due to be provided by the Council to the BID Company for the purposes of operating the BID;

“Council’s Termination Notice” means the notice to be served by the Council on the BID Company pursuant to Clause 12.2;

“Contributors” means the BID Levy Payers or other contributors making voluntary contributions to the BID Company;

“Demand Notice” shall have the same meaning ascribed to it as further set out in the Schedule to the Order;

“Electronic Communication” means a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa):

1. by means of a telecommunication system (within the meaning of the Telecommunications Act 1984); or
2. by other means but while in electronic form;

“Enforcement Expenses” means the costs which are reasonably and properly incurred by the Council in issuing a Reminder Notice, obtaining a Summary Warrant and associated administrative expenses which may be incurred in recovering unpaid BID Levy;

“Enforcement Notice” means a notice to be served on the Council as specified in Clause 10;

“Exempt or Discounted Properties” means the class or classes of properties as identified in the BID Levy Rules which shall either be exempt from any requirement to pay the BID Levy or are permitted a discount on the BID Levy;

“External Funding” means any funding, grants or monies due to be provided to the BID Company by the Scottish Government, the European Commission or any other body other than the Council for the purposes of operating the BID;

“Failure Notice” means a notice served by the BID Company on the Council which sets out those aspects of the agreed Statutory or Prevailing Standard which are not being adhered to, requesting that the Council secures immediate compliance with the Statutory or Prevailing Standard;

“Financial Year” means the financial year for the BID Company which runs from 15th April to 14th April.

“Monitoring Group” means the group to be set up to monitor the collection and enforcement of the BID levy (as referred to in Clause 11)

“Operational Date” means the date upon which the BID Arrangements come into force;

“Order” means The Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007;

“Public Meeting” means the meeting to be held of all BID Levy Payers pursuant to the Public Meeting Notice;

“Public Meeting Notice” means a notice to be served pursuant to Clause 12.2 or 12.9 by either the Council or the BID Company which provides the following:

1. confirmation that either party is considering terminating the BID;
2. details of the venue where the public meeting will be held; and
3. confirmation that all BID Levy Payers who attend will be permitted to make representations;

“Regulations” means the Business Improvement Districts (Scotland) Regulations 2007 and such amendments made by The Scottish Ministers pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 (as may be in force from time to time);

“Reminder Notice” means the notice to be served pursuant to Clause 9.1;

“Services” means the administration and management of the BID Revenue Account; and

“Statutory or Prevailing Standard” means the standard as it may be from time to time to which the Council should be providing the Baseline Services and the Complimentary Services as Council for the BID Area;

“Summary Warrant” means an order obtained from the Sherriff Court having jurisdiction over the BID area in accordance with the provisions of paragraph 9 of the Schedule to the Order.

- 1.2 For the avoidance of doubt where any part of this Agreement is incompatible with the Regulations or any other regulations which The Scottish Ministers may from time to time issue pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 then such part shall be struck out and the balance of this Agreement shall remain.
- 1.3 The headings appearing in this Agreement are for ease of reference only and shall not affect the construction of this Agreement.
- 1.4 Where reference is made to a Clause, Part, or Recital such reference (unless the context requires otherwise) is a reference to a Clause, part, plan, or recital attached to this Agreement.
- 1.5 References to the Council include any successors to its functions as local authority.
- 1.6 References to statutes, bye laws, regulations, orders or delegated legislation shall include any such instrument re-enacting or made pursuant to the same power.

2 Statutory Authorities

This Agreement is made in contemplation of the arrangements envisaged by Part 9 of the Planning etc. (Scotland) Act 2006, the Regulations and all other enabling powers.

3. Commencement

- 3.1 This Agreement is conditional upon the Council approving the proposals and business plan of the BID Company and written confirmation being provided by the Council to the BID Company of that approval and shall not take effect until the Ballot Result Date.
- 3.2 In the period prior to the Ballot Result Date, the Council will procure that the Ballot Holder provides the BID Company with all information as the BID Company may reasonably request in relation to the BID Ballot.
- 3.3 In the event that the BID Arrangements are not voted in favour by the BID Levy Payers on the Ballot Result Date then this Agreement shall terminate and cease to be of any further effect between the parties.

3.4 This Agreement will continue in full force and effect in the event of the BID Levy Payers voting in favour of the BID Arrangements.

3.5 If, at the end of the BID Term a renewal ballot is held and is successful then the terms of this Agreement shall continue to be of effect for a new BID Term.

4. **Obligations of the Council**

4.1 Immediately upon the declaration by the Ballot Holder on the Ballot Result Date the Council shall:-

1. calculate the BID Levy due from each BID Levy Payer in accordance with the BID Levy Rules;

2. confirm in writing to the BID Company the BID Levy payable annually or in two instalments per year by each BID Levy Payer;

3. provide the Baseline Services, which may not be varied in any way or withdrawn without reasonable cause and only with the consent of the BID Company;

4. provide the Complimentary Services, which may not be varied or withdrawn without first consulting with the BID Company; and

5. perform all obligations placed upon it under this Agreement and in accordance with the Regulations.

5. **Baseline Services and Complimentary Services**

5.1 The Council shall provide the Baseline Services and Complimentary Services within the BID Area at its own cost and to the Statutory or Prevailing Standard.

5.2 In the event that any of the Statutory Baseline Services fall below the Statutory Standard, the BID Company shall be entitled to serve a Failure Notice on the Council.

5.3 Upon receipt of a Failure Notice, the Council shall ensure that the relevant Statutory Baseline Services are brought back to the Statutory Standard.

5.4 The Statutory Standard may be reviewed from time to time by the Council and the BID Company, in consultation with each other. In the event that the Council and the BID Company cannot agree on the standard to be set, they shall refer the matter to Arbitration under Clause 16.

6. **The BID Revenue Account**

6.1 The Council must in accordance with section 37(1) of the Planning etc. (Scotland) Act 2006 keep an account to be called the BID Revenue Account and keep the BID Revenue Account in accordance with Schedule 3 of the Regulations.

6.2 Within 10 days from the Ballot Result Date the Council shall set up the BID Revenue Account within its ledger and provide written confirmation to the BID Company once this has been carried out.

6.3 Within 10 days from the Ballot Result Date the BID Company shall provide the Council with details of its own bank account into which the BID Levy shall be

transferred electronically from the BID Revenue Account on production of an invoice by the BID Company in accordance with Clause 8.9.

6.4 Where the BID Company receives Council Funding and / or External Funding, the full sum of that Council Funding and / or External Funding (as appropriate) shall be credited directly to the BID Revenue Account with no sums deducted by the Council in accordance with Clause 7 below.

6.5 Any commitment by the Council to provide Council Funding to the BID Company for any period exceeding the term of the Council as presently constituted up to the BID Term shall bind any succeeding Council to continue to provide the Council Funding.

7. **Debits from the BID Revenue Account**

7.1 The Council undertakes at all times to adhere to the provisions of Part 2 of Schedule 3 of the Regulations.

7.2 The Council's charge for the provision of the Services on an annual basis will be £7,903 (excluding VAT) (the "**Council Annual Charge**") representing its reasonable administrative costs in providing the Services increased by the relevant RPI (to be identified and agreed between the Council and the BID Company) yearly and having effect on the 15th April of each year for which a BID is in place. Charges will be increased annually by CPI based on the increase over the last 12 months from the base in March 2023. The first increase will apply on October 2023, and annually thereafter. Following receipt by the BID Company of a valid VAT invoice, the first payment will be due together with VAT within 4 weeks or later by agreement.

7.3 A breakdown of the Council Annual Charge is annexed at Part 4 of the Schedule.

7.4 The Council shall not debit any sums from the BID Revenue Account without first notifying the BID Company of its intention to do so.

7.5 The Council shall be obliged to recover the Enforcement Expenses from the liable BID Levy Payer, in accordance with Clause 9.

7.6 The Council shall not be entitled to recover Enforcement Expenses from the BID Company.

7.8 The Council shall not write off Bad or Doubtful Debts without the BID Company's prior consent.

8. **Collection and Remittance of the BID Levy**

8.1 The BID Levy will be paid into the BID Revenue Account in accordance with Schedule 3 of the Regulations.

8.2 Within 14 (fourteen) days of the Ballot Result Date or the formation of the BID company the Council shall confirm in writing to the BID Company:-

1. the means by which the BID Levy Payer shall be billed for the BID Levy; and
2. the date when the BID Levy shall first be collected

8.3 Pursuant to Clause 8.1.2 the Council shall serve the Demand Notices on each BID Levy Payer and thereafter shall continue to calculate the BID Levy and serve the Demand Notices throughout the BID Term.

- 8.4 The Council shall maintain a list which identifies payment and/or non payment of the BID Levy and shall make this available to the BID Company upon its reasonable request which shall at all times be carried out in accordance with the relevant Data Protection legislation.
- 8.5 The Council shall liaise with the BID Company in carrying out 3 monthly reviews of each property within the BID Area and in the event of any change in the occupier of each property or the merger or division of a property (or provision of an additional property) shall:
1. serve an updated list of BID Levy Payers upon the BID Company; and
 2. serve a Demand Notice (or alter any existing Demand Notice if appropriate) on the relevant BID Levy Payer.
- 8.6 The Council shall use all reasonable endeavours to collect the BID Levy on the date specified (pursuant to Clause 8.1.2 above) and thereafter on an annual basis and in accordance with the Order.
- 8.7 The Council shall use all reasonable endeavours to take all reasonable steps for collecting the BID Levy which are consistent with its usual procedures for the collection of non-domestic rates. In the event that the Council departs from its usual procedures and decides not to collect an amount of BID Levy, the Council shall consult with the BID Company as to whether or not that amount of BID Levy is recoverable. If the Council and the BID Company fail to reach an agreement, then the BID Company may serve an Enforcement Notice upon the Council under Clause 10 of this Agreement failing which the parties shall refer the matter to Arbitration in accordance with Clause 16 of this Agreement.
- 8.8 The Council shall inform the BID company of the amount of BID levy monies collected every month.
- 8.9 The BID Levy, as collected by the Council, is within the control of the Council and is ring fenced for the specific purposes of the BID.
1. The BID Company is the sub contractor engaged by the Council to deliver the BID objectives
 2. The BID Company is making taxable supplies to the Council, and in the normal way must charge VAT to the Council
 3. This VAT will be charged via an invoice that the BID Company will issue to the Council for payment of the BID Levy income (i.e. BID Levy Income plus VAT)
 4. The Council can recover the VAT, subject to the normal rules
 5. The BID Company can then recover any VAT that it incurs in delivering the BID projects and services subject to the normal rules
 6. The BID Company shall raise an invoice, plus VAT to the Council every [month] or less frequently should the BID Company and Council so decide. This invoice shall be based on the information outlined in Clause 8.8, for the total amount of BID Levy monies collected, minus the total of BID Levy monies previously invoiced for in the relevant Financial Year and upon receipt of such invoice or invoices, the Council will be obliged to transmit such monies as are due to the BID Company in terms of the invoices, to the BID

Company from the BID Revenue Account within a maximum period of 30 (thirty) days.

Notes

The majority if not all of the income received by the BID Company **from the Council** will be taxable. But there may be certain circumstances where exempt supplies are made. Where such supplies are made any VAT incurred by the BID Company will be irrecoverable.

9. Procedures available to the Council for enforcing payment of the BID Levy

9.1 In the event that the BID Levy is not paid within 28 (twenty eight) days from the date that it becomes payable then the Council shall serve a Reminder Notice on such relevant BID Levy Payer which shall:-

1. identify the sum payable;
2. provide a further [7 (seven)] days for payment to be made;
3. confirm that the Council will make an application for a Summary Warrant to recover the unpaid sum.

9.2 If after a further 7 (seven) days from the payment date stated in the Reminder Notice the outstanding sum of the BID Levy has not been paid, the Council shall make an application for a Summary Warrant to recover the outstanding sum of the BID Levy.

10. Enforcement Mechanisms for non-collection of the BID Levy by the Council

10.1 In the event that the Council is not enforcing payment of the BID Levy pursuant to Clause 9 above the BID Company shall serve the Enforcement Notice on the Council requesting that:-

1. the Council serves a Reminder Notice; or
2. the Council obtains a Summary Warrant pursuant to Clause 9.2 above;

within 14 (fourteen) days of receipt of such Enforcement Notice and the Council shall thereafter provide written confirmation of the action taken to recover the unpaid BID Levy.

10.2 If after being served an Enforcement Notice the Council fails to take the requested action within the specified time frame then the BID Company shall serve an Appeal Notice to the Chief Executive of the Council. Such notice shall:-

1. detail the sum which remains unpaid;
2. confirm that the Council has failed to use the enforcement mechanisms available to it under this Agreement to recover the sum; and
3. request a meeting take place between the Chief Executive, relevant officers of the Council and BID Company to achieve a solution and/or agree a strategy to recover the outstanding sum, such meeting to take place in any event no later than 28 (twenty eight) days from service of the Appeal Notice.

10.3 In the event that the Council fails to take any of the steps requested by the BID Company pursuant to Clauses 10.1 and 10.2 (above) the Council shall (within 28 days of receipt of written notice from the BID Company which specifies the amount of BID Levy outstanding) pay the specified sum into the BID Revenue Account and provide written confirmation to the BID Company that this has been done.

11. Accounting Procedures and Monitoring

11.1 Within 2 months from the Operational Date the Council and BID Company shall form the Monitoring Group.

11.2 Every month for the duration of BID Term the Council shall provide the BID Company with a breakdown of:-

1. the amount of BID Levy for each individual BID Levy Payer;
2. the BID Levy collected in relation to each BID Levy Payer;
3. details (together with the outstanding unpaid sum) of those BID Levy Payers who have not paid the BID Levy during those 2 months;
4. details of the Reminder Notices issued throughout that period; and
5. details of any Summary Warrants obtained or applied for by the Council.

11.3 Every 6 months (for the BID Term) the BID Company shall provide the Council with the following details:

11.3.1 the total amount of income received from the Contributors (excluding the BID Levy); and

11.3.2 the total expenditure during that 6 month period.

11.4 The Monitoring Group shall meet not less than once in any one Financial Year and on all other occasions further meetings of the Monitoring Group shall be arranged by the service of written notice by either party on the other, such notice to be provided no less than 28 (twenty eight) days prior to the date of the proposed meeting (or lesser if otherwise agreed or in cases of emergency) and provided further that such meetings can be dispensed with altogether upon the written agreement of both the Council and the BID Company.

11.5 At each meeting the Monitoring Group shall:

1. review the effectiveness of the collection and enforcement of the BID Levy; and
2. if required, review and assess the information provided by the Council and the BID Company pursuant to Clauses 11.2 and 11.3 above and make any recommendations for implementation as may be agreed (and which are permitted by the Regulations and the terms of this Agreement).

11.7 Within 3 (three) months from the financial year end the BID Company shall provide the BID Company's Report to the Council.

12 Termination

12.1 The Council undertakes at all times to adhere to the provisions of paragraph 19 of the Regulations.

12.2 The Council shall not be permitted to terminate the BID Arrangements because:

1. in its opinion there are insufficient finances available to the BID Company to meet its liabilities for the chargeable period for the purposes of the BID Arrangements; or
2. the Council is unable, as a result of any circumstances beyond its control, to provide the works or services which are secured as part of the BID Arrangements;

unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the Council's Termination Notice on the BID Company (which shall be required to contain the reasons for termination) and within 14 (fourteen) days from the date of service of such notice both parties shall arrange to meet where the purpose of such meeting shall be to discuss and/or agree all or any of the following set out in Clause 12.3 or 12.4 (whichever is applicable).

12.3 Where the Council's Termination Notice relates to Clause 12.2.1 both parties shall agree and/or discuss or review the following matters:

1. the Council is concerned that the BID Company has insufficient finances to meet its liabilities for that period and details of such concerns should be made available to the BID Company;
2. alternative means by which the insufficiency of the funds can be remedied; and / or
3. an appropriate time frame to resolve matters;

12.4 Where the BID Company's Termination Notice relates to Clause 12.2.2 both parties shall agree and/or discuss or review the following matters:

1. the services or works which it is no longer able to provide together with confirmation and details as to why such works or services cannot be provided;
2. a review by both parties as to whether such works or services are of material importance to the BID so that termination of the BID Arrangements is the only option;
3. alternative means of procuring the said services or works by third parties or increased financial funding from the BID Company;
4. alternative replacement services or works which will be acceptable to the BID Company; and / or
5. an appropriate time frame to resolve matters.

12.5 Notwithstanding Clauses 12.1, 12.2, 12.3 and 12.4 above, the Council shall procure that a Public Meeting is held prior to the termination of the BID Arrangements.

- 12.6 In the event that the parties cannot reach agreement in relation to any of the matters referred to in Clauses 12.3 and 12.4 and subject to consideration of representations made by any BID Levy Payer at the Public Meeting the Council shall be permitted to terminate the BID Arrangements provided that notice by the Council to terminate the BID Arrangements shall be provided to the BID Company no less than 28 days prior to termination taking place.
- 12.7 Upon termination of the BID Arrangements the Council shall review whether there is a credit in the BID Revenue Account and in the event that there are sufficient funds in the BID Revenue Account amounting to a refund of at least £10 for each BID Levy Payer (having already deducted a reasonable sum for the cost of the administration of such refund) to:
1. calculate the amount to be refunded to each BID Levy Payer;
 2. ensure that the amount to be refunded is calculated by reference to the amount payable by each BID Levy Payer for the last chargeable period; and
 3. make arrangements for the amount calculated to be credited against any outstanding liabilities of each BID Levy Payer or, where there are no such liabilities, refunded to the BID Levy Payer.
- 12.8 Upon termination of the BID Arrangements the Council shall as soon as reasonably practicable notify the BID Levy Payers of such termination in accordance with paragraph 19(6) of the Regulations together with confirmation as to whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.
- 12.9 The BID Company shall not be permitted to terminate the BID Arrangements where:
1. the works or services under the BID Arrangements are no longer required; or
 2. the BID Company is unable, as a result of any circumstances beyond its control to provide works and services which are necessary for the BID Arrangements to continue;
- unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the BID Company's Termination Notice on the Council and thereafter carried out a proper consultation with all relevant representatives of the BID Area as considered appropriate by the Council.
- 12.10 Upon termination of the BID Arrangements the BID Company shall notify the Council of such termination in accordance with paragraph 19(5) of the Regulations and the Council shall notify the BID Levy Payers pursuant to paragraph 19(6) of the Regulations, together with confirmation as to whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.

13. Confidentiality

Both the Council and the BID Company agree to keep confidential and not to divulge to any person without the prior written consent of the other party all information (written or oral) concerning the business affairs of the other nor any information which has been exchanged about the BID Levy Payers or the Contributors or about other third parties which it shall have obtained or received as

a result of operating the BID. This obligation shall survive the termination or lapse of the BID Arrangements.

14. Notices

14.1 Any notice or other written communication to be served or given to or upon any party to this Agreement to the other shall be in writing and shall be sent to the registered office or principal place of business of the parties or such substitute address in Scotland as may from time to time have been notified by that party.

14.2 A notice may be served by:

1. delivery to the Head of Customer and Support Services at the Council's principal office at Kintyre House, Snipefield Industrial Estate, Campbeltown PA28 6SY or such other address as may be intimated in writing to the BID Company;
2. delivery to the Company Secretary at the BID Company's registered office;
3. registered or recorded delivery post; or
4. Electronic Communication (provided that it is in legible form and is capable of being used for subsequent reference).

14.3 Any notice served shall be deemed to have been validly served or given at the time when in the ordinary course of business it would have been received.

15. Exercise of the Council's Powers

Nothing contained in this Agreement or implied in it shall prejudice or affect the rights, discretions, powers, duties and obligations of the Council under all statutes, bye-laws, statutory instruments, orders and regulations in the exercise of its functions as a local authority.

16. Arbitration

16.1 Any dispute or difference between the parties in relation to this Agreement shall be determined by an independent expert.

16.2 Such an independent expert shall be agreed between the parties or in default of agreement within five days of a request to agree appointed on the application of either party by the President or other appropriate appointing Officer for the time being of, the Law Society of Scotland in each case being a person under 60 but of not less than 10 years standing and with recent relevant experience of the matter in dispute.

16.3 The decision of the independent expert shall be final and binding on the parties and the costs of the independent expert shall be borne as he may determine or otherwise shall be borne between the parties in equal shares.

17. Best Endeavours

The Council and the BID Company each confirm that it is their intention to use their best endeavours to promote the best interests of the BID and to consult fully on all matters materially affecting the development of the BID. The Council and the BID Company shall act in good faith towards each other in order to promote the success of the BID.

18. Governing Law

18.1 This agreement and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the law of Scotland.

18.2 The parties irrevocably agree that the courts of Scotland have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement. In witness whereof these presents on this and preceding 14 pages together with the Schedule (in five parts) annexed as relative hereto are executed as follows:

Subscribed for and on behalf of Argyll and Bute Council

At

On

By

Before

_____	Witness
_____	Full Name
_____	Address

_____	Occupation

Subscribed for and on behalf of PA23 BID Company Limited

At

On

By

Before

_____	Witness
_____	Full Name
_____	Address

_____	Occupation

This is the Schedule (in five parts) referred to in the foregoing Operating Agreement between Argyll and Bute Council and PA23 BID.

The Schedule

Part 1 The BID Levy Basis and Rules

Introduction

Part 1 of the Schedule of the Agreement lays down the BID levy basis and rules for the proposed PA23 BID levy to be applied to all businesses above a set threshold within the defined footprint of the BID Area.

Rateable Value (Non-Domestic Rates)

The rateable value of all business property within the BID Area is set by the Dunbartonshire and Argyll & Bute Valuation Joint Board upon which the Council levy their charges to businesses.

The non domestic rateable values are re-valued approximately every 5 years. The last valuation took place with effect from 1 April 2017. The next re-valuation is due to take place with effect from 1 April 2023.

BID Levy Threshold

The PA23 BID levy threshold will be £1,000, whereby all businesses with a rateable value of £1,000 or greater amount will be required to pay the levy. This figure has been arrived at following analysis of the rateable value of all businesses within the defined footprint of the BID area on the basis of the following factors:

- i) Identification of the rateable value applied to each business;
- ii) Balanced selection of those businesses above a given threshold to produce a cost effective outcome for a given BID levy revenue base on the basis of manageability.

Applicable BID Levy Rate

The levy will be calculated with reference to the rateable value of each property within the BID area. Each rateable value will fall within a banding as follows:

Band	From	To	Annual Cost
A	£1,000	£9,999	£220
B	£10,000	£15,999	£358
C	£16,000	£23,999	£523
D	£24,000	£39,999	£655
E	£40,000	£48,999	£875
F	£49,000	£63,999	£1095
G	£64,000	£110,999	£1645
H	£111,000	Upwards	£2195

The banding of each property will be determined by their rateable value on the date of the ballot.

New Properties and Tenancies

The BID Levy charge will become payable by new properties and tenancies entering the Valuation Roll at their date of occupation. For these properties and tenancies, the BID Levy charge normally applicable for the complete financial year will be pro-rated for the part of the year.

Charitable Organisations and not-for-profit organisations

~~Charitable organisations will be exempt from payment of the levy, except where they are charitable retailers.~~

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~~The following organisations and bodies will also be exempt from payment:~~

- ~~• All places of worship~~
- ~~• All not-for-profit clubs and organisations~~
- ~~• Schools, Pre-5 Nurseries, Libraries, Social Care establishments, Hospital, Ambulance, Fire, Coastguard, Courthouse, Police Station, Job Centre, Careers office, voluntary clubs, the Museum~~

Proposed amendment

Non retail Charitable organisations with a rateable value of £15,000 and under will be exempt from payment of the levy.

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The following organisations and bodies will also be exempt from payment:

- All places of worship
- All not-for-profit clubs and organisations
- Schools, Pre-5 Nurseries, Libraries, Social Care establishments, Hospital, Ambulance, Fire, Coastguard, Job Centre, Careers office, voluntary clubs, the Museum

Empty Properties

Under the Non-Domestic Ratings system the liability for empty properties reverts to the property owners in all cases where the lease has terminated. In the event a property becomes vacant the BID levy will be charged to property owners for the proportion of time the property remains vacant in any one financial year.

Levy Charges

The BID levy will be payable on receipt of the separate BID Levy Invoice which will be issued by the Council on behalf of the PA23 BID in compliance with the requirements of this Agreement.

Term of BID

The term of the BID Company will not be greater than 5 years from the date of the announcement of the BID ballot result. Prior to the expiry of the term of the BID a re-ballot will take place.

Non-Domestic Rates Re-Valuation

The rateable value of a business property may be revalued by the Dunbartonshire and Argyll & Bute Valuation Joint Board during the BID Term. However, the BID Levy will continue to be based on the rateable value at the date of the ballot irrespective of any such revaluations. The only changes that will be reflected will in respect of splits, mergers and re-organisations where the original rateable value may be apportioned differently over a number of properties. The BID Levy will be updated to reflect these changes only.

Application of VAT to BID Levy Invoices

The BID Levy charge will NOT be subject to VAT.

Inflationary Increases to BID Levy Charge

The BID company will decide whether or not to index-link the levy payment (using RPI) to take account of inflation.

The Baseline Statements

Service Area: -	
Activity Area	Roads, pavements and carpark maintenance (including winter maintenance)
Statutory/Non-statutory Service	Statutory
Description/Specification	<p>Maintenance of roads, pavements and carparks. In addition to a general duty of care, legislation provides the basis for powers and duties relating to Road Maintenance. Primarily the Roads (Scotland) Act 1984 and The New Roads and Streetworks Act 1991.</p> <p>Scheduled maintenance activities include: drainage works, patching, pavement maintenance, signage, gritting and winter maintenance.</p> <p>Major resurfacing works are also scheduled when capital budget is made available.</p> <p>Inspection Roads – annual survey by contractor (WDM), followed by more detailed inspection where potential defect development has been identified. Also inspection for safety defects at intervals laid down in maintenance plan. Culverts and manholes – inspect and clean annually Gullys – inspect and clean 3x in two years Fences/barriers/railings – inspected every two years</p>
Contact	Kevin McIntosh – Assist Operations Manager 01546 604621 Local Roads Contact Number - Customer Call Centre - 01546 605514 Paul Farrell – Traffic and Development TO – Milton House 01369 708613 Nigel Potts – Operations Team Leader - Milton House 01369 708629
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, with specialist contractors brought in when necessary.
Operational Times	Core 8am – 4pm Monday – Friday Winter maintenance times (winter gritting) may be outside these hours in accordance with weather pattern.
Staffing and Equipment Levels	<p>A roads maintenance team is based in Dunoon but carries out much work beyond the perimeter of the BID area.</p> <p>Full time equivalent staff = 4 (dependant on variances in annual capital works such as major road resurfacing) A variety of vehicles are available to be deployed depending on type of works being undertaken.</p> <p>No Trunk Road activity in the BID area.</p> <p>13 Pay & Display car parks are provided and managed within</p>

	<p>the BID area</p> <p>Car Park locations: Argyll Street - P&D Auchamore Road - P&D Car Ferry Terminal - P&D Dolphin Hall - P&D Glenmorag - P&D Hanover Street -P&D Harbour Jetty - P&D Jane Street - P&D Jane Villa - P&D Kirk Street – P&D Milton House - P&D Moir Street – P&D Pilot Street – P&D</p>
Key Performance Indicators	<p>Key Performance Indicators collated and reported. Quality inspections carried out by supervisory staff and rectification action taken where necessary. Category 1 defects should be made safe within 24 hours of identification. Others will be inspected and dealt with as resources permit.</p>
Legislation/Policy	Roads Scotland Act 1984 and NRSWA 2000
Existing Value of Contract/Service	£ 200,350* (including winter gritting operations)
Boundary Area	All adopted roads, pavements and car parks within the BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	<p>* Cost shown is an approximate value based on revenue budget allocation for service provision in the Cowal area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.</p>

Service Area: -	
Activity Area	Trading Standards & Advice Services
Statutory/Non-statutory Service	Statutory and Non Statutory Enforcement functions are (mainly) statutory, consumer advice functions are (mainly) non-statutory
Description/Specification	The Council either (in its role as a Local Weights & Measures Authority or directly) has a duty to enforce consumer protection legislation. Trading Standards Officers enforce this legislation. Trading Standards also carry out (non-statutory) scam prevention & consumer education work. Advice Services provide Debt Counselling & Welfare Rights advice to consumers.
Contact	Lee Roberts lee.roberts@argyll-bute.gov.uk 01546604779
Existing Activity	<ul style="list-style-type: none"> • Programmed metrology, product safety, age-related sales & fair trading inspections and revisits to businesses within the area. • Programmed visits to relevant Animal Feed premises on behalf of and under a contract with Food Standards Scotland • Investigation of criminal complaints relating to Trading Standards legislation • Monitoring of civil law complaints against local traders for Enterprise Act purposes • Licensing & Certification of petrol sites. Inspection of Licensed & Certificated premises • A program of “test purchases” to ensure compliance with TS legislation • Scam prevention work • Protection of vulnerable consumers through supplying & fitting callblockers • Provision of money advice and debt counselling to consumers • Assisting consumers to obtain Debt Arrangement Schemes, Bankruptcies etc • Provision of Welfare Rights advice <p>Representation of clients at appeals & tribunals</p>
Operational Times	Core 9am – 5pm Monday – Friday.
Staffing and Equipment Levels	3 staff are physically based in Dunoon. Overall provision in BAC includes: Debt Counselling 0.25 FTE Trading Standards 0.25 FTE Welfare Rights 1.8 FTE
Key Performance	LRS102_01 Advice and assistance from Welfare Rights is provided to Clients to ensure they

Indicators	<p>maximise their income. ENV5 - Cost of trading standards and environmental health per 1,000 population ENV5a - Cost of trading standards per 1,000 population</p> <p>There are also Welfare Rights targets set out in the Local Housing Strategy:</p> <ul style="list-style-type: none"> • LHS Outcome 2 – To regenerate communities by improving the quality, condition and energy efficiency of housing and by tackling fuel and child poverty. <p>Key target: Income maximisation – Minimum of £10m generated via Welfare Rights activity by 2027</p> <ul style="list-style-type: none"> • LHS Outcome 3 – to enable people with particular needs to live independently in their own homes and to remain in their communities <p>Key target - Continuing to work with Care & Repair and other partner agencies to deliver effective services across Argyll & Bute that support independent living;</p>
Legislation/Policy	<p>Relevant legislation as listed on Trading Standards authorisations. Council policies re providing consumer education, welfare rights advice & debt counselling advice.</p>
Existing Value of Contract/Service	N/A
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	N/A
Additional Information or Notes	N/A

Service Area: -	
Activity Area	Street lighting maintenance
Statutory/Non-statutory Service	Statutory
Description/Specification	Provision and maintenance of street lighting and associated electrical control boxes.
Contact	Kevin McIntosh – Assistant Operations Manager 01546604621 Demi Mather – Trainee Team Leader 01546604667
Existing Activity	Works managed and carried out by Argyll & Bute Council staff
Operational Times	8am – 4pm Monday - Friday
Staffing and Equipment Levels	Electrical maintenance is carried out by staff shared with other areas. There is no permanent presence in the town. Within the bid area there are a range of electrical units maintained, including traffic control, street lamps and junction boxes. Typically, duties are reactive and include a variety of electrical and lighting repairs, along with programmed maintenance works. Inspection - Lighting columns are inspected a minimum of every four years. Full time equivalent staff =0.5 equipped with specialist lighting platform.
Key Performance Indicators	Key Performance Indicators collated and reported. Quality inspections carried out by supervisory staff and rectification action taken where necessary. Response time is determined by the nature of the defect
Legislation/Policy	Roads Scotland Act 1984 and NRSWA 2001
Existing Value of Contract/Service	£15107*
Boundary Area	Lighting to all roads, pavements and car parks within the BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	*cost shown is an approximate value based on revenue budget allocation for service provision in the Cowal area. Capital expenditure in the BID area is determined in accordance with the Council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled.

Service Area: -	
Activity Area	Street Cleansing and Litter Bin Emptying
Statutory/Non-statutory Service	Statutory
Description/Specification	Litter control around the BID area in compliance with EPA requirements. To clean all routes to the required standard (A Standard) of cleanliness, being free of litter and refuse at the end of each sweep. Attention to dog fouling, flyposting, graffiti, and fly tipping as required. Education and Enforcement actions.
Contact	Kevin McIntosh – Assistant Operations Manager 01546604621 Nigel Potts Team Leader – 01369 708629
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, seven days a week.
Operational Times	Street Cleansing Mon to Thurs 07:00 - 1500, Friday 07:00 – 14:30 2 x manual barrow sweepers Wednesday – Saturday 07:00 – 15:00, Sunday 07:00 – 14:30 1 x manual barrow sweeper Friday – Monday 07:00 – 15:00, Tuesday 07:00 – 14:30 1 x manual barrow sweeper Litter bin emptying (42 throughout the BID area) Summer – once per day, more frequently as required or directed by supervisor. Winter – 3 times per week, more frequently as required or directed by supervisor
Staffing and Equipment Levels	Full time equivalent staff allocated to BID area = 4
Key Performance Indicators	LEAMS (Local Environmental Audit and Management System) Street cleansing monitoring assessments twice per year by external monitors. (Local Authority and Keep Scotland Beautiful) LEAMS cleanliness inspections monthly by in-house staff. LEAMS values are consistently in the mid-70s over the last year, comparable with the national standard of 74 (2010/11)
Legislation/Policy	N/A
Existing Value of Contract/Service	£147,052
Boundary Area	All roads within the BID area
Non-compliance Procedure	Sites which fail to meet required standards are attended to within 24hrs
Additional Information or Notes	Main litter sources are smoking, drinks, fast food and confectionary related. * Cost shown is an approximate value based on revenue budget allocation for service provision in the Cowal area. Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled

Service Area: -	
Activity Area	Commercial Waste Collections*
Statutory/Non-statutory Service	Statutory
Description/Specification	Collection and disposal of commercial waste, including recyclables (paper/card/can/plastic/glass, in line with individual commercial waste contracts
Contact	Kevin McIntosh – Assistant Operations Manager 01546604621 Nigel Potts – Team Leader 01369708629
Existing Activity	Glass Bin Collection carried by staff from Helensburgh
Operational Times	Double shift 6-2 and 2-12 Monday – Friday. Special services as required.
Staffing and Equipment Levels	2 operatives, 1 refuse vehicle 1 paper collection vehicle, 10 tonne mini RCV for difficult access areas. 1 multilift/skip vehicle (resource shared with domestic collection) Full time equivalent staff on commercial waste collection in BID area = 1.2
Key Performance Indicators	Successful collections
Legislation/Policy	N/A
Existing Value of Contract/Service	£168,241
Boundary Area	All contracted premises within the BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	*domestic waste collection is additional to this service but has been requested not to be included within this documentation. Contract value shown is the total charged to customers.

Service Area: -	
Activity Area	Horticultural and Grounds Maintenance Works
Statutory/Non-statutory Service	N/A
Description/Specification	The council carries out planting of seasonal bedding, maintenance of shrub beds, grass cutting, hedge trimming, hard surface management (sweeping of paths etc), tree maintenance and maintenance of sports pitches
Contact	Kevin McIntosh – Assistant Operations Manager –

	01546604621 Nigel Potts – Team Leader 01369708629
Existing Activity	Works managed and carried out by Argyll & Bute Council staff, five days a week. This includes work to raised planters, and at various open spaces around the BID area, such as Castle Hill Gardens, Rose Garden and Dunoon Stadium. Maintenance of public benches is also carried out by this unit. Design and implementation of bedding schemes Weed spraying, litter control, leaf clearance. Grass cutting frequencies are site specific. Floral bedding displays are overhauled and replaced twice per year, including those in mobile planters, of which there are some 15 around the town. Two operational Cemeteries are also maintained and burials are carried out.
Operational Times	Core 8am – 4pm Monday – Friday. Additional hours as required for special events.
Staffing and Equipment Levels	1 gardener, 1 grounds maintenance staff, 4 cemetery staff. General horticultural hand tools, spraying equipment and lawnmowers Specialist sports turf maintenance equipment is held at Dunoon Stadium for use on sports pitches throughout the area.
Key Performance Indicators	Adherence to grass cutting frequencies. Quality inspections carried out by supervisory staff and rectification action taken where necessary
Legislation/Policy	In line with health and Safety at work procedures
Existing Value of Contract/Service	£274,245
Boundary Area	All activity within BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	Cost shown is revenue recharge rate pro-rata from Cowal area budget Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and will vary from year to year, being additional to the revenue figure if such works are scheduled

Service Area: -

Activity Area	Economic Development
Statutory/Non-statutory Service	Non Statutory
Description/Specification	The council carries out a range of economic development

	activities ranging from Business Gateway support (includes grant funding to businesses), the promotion of economic intelligence and economic growth including the tourism and food and drink industries, improving skills for work, employability interventions, the development of a Dunoon Community STEM Hub and area regeneration activities such as the Dunoon Pier building, the Queen's Hall and the regeneration of Argyll Street through the CARS project. The service also seeks to promote Argyll, including Dunoon as a place to do business, invest in, learn, to live in and visit.
Contact	Fergus Murray Head of Service Development and Economic Growth – 01546 604293 Fergus.murray@argyll-bute.gov.uk
Existing Activity	Completion of £8.3m of investment into the refurbishment of the Queen's Hall. £1.9 million of investment into the main shopping thoroughfare, Argyll Street, in conjunction with Historic Environment Scotland and £3m worth of investment into the regeneration of Dunoon Pier building.
Operational Times	Core 9am – 5pm Monday – Friday. Additional hours as required for special events
Staffing and Equipment Levels	1 Business Gateway Officer covers Cowal.
Key Performance Indicators	Number of jobs created and businesses supported; Rise in GVA of main industries including tourism and food and drink
Legislation/Policy	N/A
Existing Value of Contract/Service	N/A
Boundary Area	All activity within BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and the availability of external funding which will vary from year to year

Service Area: -

Activity Area	Strategic Transportation
Statutory/Non-statutory Service	Non Statutory
Description/Specification	The council carries out a range of transport activities in the Cowal area including subsidising bus transport services, improving active travel routes and improving the integration to

	transport services within Dunoon Town Centre.
Contact	Fergus Murray Head of Service Development and Economic Growth Transportation – 01546604293 Fergus.murray@argyll-bute.gov.uk
Existing Activity	Sustrans awarded £11,500 from Community Links for design work to improve the walking and cycling transitions onto/from Victoria Parade.
Operational Times	Core 9am – 5pm Monday – Friday. Additional hours as required for special events.
Staffing and Equipment Levels	1 Business Gateway Officer covers Cowal; Other economic development staff and strategic transportation staff as appropriate.
Key Performance Indicators	Number of jobs created and businesses supported; Rise in GVA of main industries including tourism and food and drink.
Legislation/Policy	In line with Economic Development Plan.
Existing Value of Contract/Service	£11,500
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis.
Additional Information or Notes	Capital expenditure in the BID area is determined in accordance with the council's service asset management plan and the availability of external funding which will vary from year to year.

Service Area: -

Activity Area	Planning, Housing, Regulatory Services and Building Standards
Statutory/Non-statutory Service	Statutory
Description/Specification	The council carries out a range services that are designed to facilitate the delivery of development through the granting of planning consent, building warrants and the regulation of business activities through its regulatory services teams. Regulatory Services carry out the Councils statutory duties as a food authority, health and safety enforcement authority as well as range of other environmental and public health activities including delivery of the NHS/Councils Joint Health Protection Plan. . The council also acts as the Strategic Housing Authority for the area, funding and facilitating affordable new build housing, and delivers a range of operational housing services.

Contact	<p>Fergus Murray Head of Service Development and Economic Growth – 01546604293 Fergus.murray@argyll-bute.gov.uk David Love – Planning, Area Team Leader - 01369707320, Flora Lamont – Housing - 01631572183 Mary Watt, Environmental Health Manager - Regulatory Services - 01369707124 Emma Wilson - Building Standards Team Leader - 01369708605</p>
Existing Activity	<p>Development management: Handling and determination of planning and listed building applications and building warrants; processing of pre application enquiries. Building Standards: Verification of building warrant applications, assessing works for completion and responding to dangerous buildings using formal powers to make them safe and recharging costs associated with works in default.</p> <p>The regulatory services teams are responsible for</p> <ul style="list-style-type: none"> • Programmed food hygiene and health and safety interventions and revisits; • Approval of food businesses; • Food sampling; • Investigation of food poisoning and infectious disease outbreak control; • Provision of food and export certificates; • Enforcement of health and safety at work act and regulations • Regulation of private water supplies; • Improvement grant scheme for private water supplies • Regulation under the Environmental regulations • Provision of animal health and welfare • Monitoring of air quality and environmental protection • Environmental health licensing including private landlord registration. • Liquor licensing standards <p>Housing Services oversee the assessment of housing need & demand in the area, the development and implementation of the Local Housing Strategy, and the delivery of the Strategic Housing Investment Plan with partner RSLs. Housing staff provide:</p> <ul style="list-style-type: none"> • Homelessness Services including Temporary Accommodation; • Housing Options Information & Advice; • Housing Support; • Empty Homes; • Private Sector Housing Grant for adaptations, and assistance on property repairs & improvements; • Energy Efficiency & Fuel Poverty services; • Welfare Rights service.

Operational Times	Core 9am – 5pm Monday – Friday. Emergency Out Of Hours Homeless Service
Staffing and Equipment Levels	<p>Cowal – 1 Area Housing Officer, 1 Housing Advice Assistant, 1 Senior Welfare Rights Officer, 1 Welfare Rights Officer, 1 Welfare Rights Assistant, 1 Research and Development Officer, 1 Research Assistant, 1 Housing Improvement Officer – Development, 1 Empty Homes Officer</p> <p>Housing staff manage 23 temporary accommodation units in Cowal which includes the 10 serviced accommodation units mentioned in the Existing Value of Contract section below.</p> <p>Regulatory Services have 11 staff including 1 Environmental Health Manager, 4 Environmental Health officers, 3 Regulatory Service Officers (EH), 1 Licensing Standards Officer, 0.6 Animal Health and Welfare Officer, 1 Technical Assistant, 2 P/T admin.</p> <p>Planning staff consists of 1 Area Team Leader and 2 Planning Officers</p> <p>Building Standards – The team consists of Building Standards Team Lead, Building Standards Surveyor and Assistant Building Standards Surveyor</p>
Key Performance Indicators	<p>Housing: Number of affordable new build homes completed; Number of Empty Homes brought back into use; % of homeless households securing positive outcome; % of RSL allocations to homeless households within 26 weeks; % of positive PREVENT1 interventions; % of planned departures from Housing Support Services; Private Sector Adaptations; Private properties improved with assistance; households in fuel poverty; number of properties receiving energy efficiency improvements via HEEPSABS; Income generated by Welfare Rights Service.</p> <p>Planning: Pre-application enquiries processed within 20 working days; Determine ‘All Planning Applications’ quicker than the National Average.</p> <p>Regulatory Services: % of high risk businesses inspected against program (Target 95%) % of service requests resolved within 20 working days (Target 80%)</p> <p>Building Standards: - Time to get a building warrant The intention of this KPO is to minimise the time taken for customers to obtain a building warrant and an amendment to warrant, whilst ensuring the quality of the application process.</p> <p>Quarterly & annual reporting by building warrant category on:</p> <ul style="list-style-type: none"> • Total number of building warrants granted • Average time taken in working days from receipt of application to granting the building warrant
Legislation/Policy	N/A

Existing Value of Contract/Service	<p>Housing Support – HELP - £143,412; Carr Gomm - £327,756 (Argyll and Bute wide) Women's Aid - £120,970 (Refuge and Floating Support) Serviced Accommodation – Cowal - £175,200 per annum (the contract will run for 3 years to 30/08/18 with a one year option to extend) HEEPSABS: -£1.67m (Argyll and Bute wide) Mediation Service – spot purchase</p>
Boundary Area	All activity within or adjacent to BID area
Non-compliance Procedure	Argyll & Bute Council's committees review on an ongoing basis. Planning – Should the BID undertake actions that require the benefit of planning permission without such being in place then the normal planning enforcement procedures will be followed
Additional Information or Notes	Proposed BID Additional Activity - Planning – Additional activity would depend on the projects of the BI and if they required input from officers. Given the activity of the BID over the past twelve months no additional activity for officers is anticipated.

Service Area: -	
Activity Area	<p>Police Scotland Policing within the South Argyll (Dunoon and Cowal peninsula) multi-member ward area (Ward 7), which encompasses Dunoon Town Centre.</p>
Statutory/Non-statutory Service	N/A
Description/Specification	<p>Police Scotland presently provides a policing service to the South Argyll (Dunoon and Cowal peninsula), which includes the BID area of Dunoon Town Centre. This activity is designed to provide public reassurance and prevent crime from occurring through a mixture of high visibility patrols foot and mobile patrols. On those occasions where a crime is reported, officers will investigate these incidents to their ultimate conclusion.</p>
Contact	Chief Inspector Paul Robertson Dunoon Police Office (tel. no. 01369 763050)
Existing Activity	<p>Police Scotland coverage of the South Argyll area covering Dunoon and the Cowal peninsula is split between 5 distinct core policing groups, containing Response, Community Policing and Traffic officers.</p> <p>The BID area itself is contained within the geographical policing beat known as LB46.</p> <p>Due to the geographical area and to ensure that resources are distributed in accordance with call demand all uniform officers</p>

	<p>have been attached to the 5 core policing groups. As stated these groups consist of Response, community and traffic officers, which allows for a degree of expertise in all areas of policing across all of the core groups. These officers patrol beat LB46 predominantly, however also provide policing to outlying rural areas as well as undertaking any other operational duties as and when required. These officers routinely undertake either foot or mobile patrol duties in uniform.</p> <p>Serious crime is not a significant issue within the BID area and as such, policing is divided into 3 main areas;</p> <ul style="list-style-type: none"> • Daytime crime & disorder and other policing duties • Night time crime & disorder and other policing duties • Events <p>Daytime crime in the main is relatively low and relates to mainly opportunist thefts and shoplifting. Disorder is minimal; although instances of drug misuse can be experienced.</p> <p>Night time crime and disorder is mainly associated with alcohol consumption, particularly at weekends. Youth disorder is also more prevalent at night, particularly during the summer period.</p> <p>Events in the area are not great in number, however still play a significant part with the Cowal Highland Gathering taking place annually attracting up to 30,000 additional visitors to the area. This is in addition to a number of local annual parades / gala days, which also attract additional numbers of people to the area.</p>
Operational Times	<p>As previously stated, the core policing groups predominantly patrol beat LB46, subject to any other operational duties they may be required to undertake. These officers operate from Dunoon police office. They work 3 separate shift periods comprising of Early, Late and Night shifts. These shifts overlap ensuring suitable police coverage at peak call demand times ensuring adequate and appropriate policing cover is available at the times needed.</p> <p>This 24/7 police coverage is split between the 5 distinct core policing groups. These 5 Groups contain uniform officers from Response, Community and Road Traffic policing as previously stated.</p> <p>When a specific need is identified, this core policing function can be augmented by a number of specialist policing departments and services</p> <p>The Policing activity detailed will be subject of review as part of the ongoing operation of the national Police Scotland Service established in April 2013. Any significant changes will be notified to the BID group accordingly.</p>
Staffing and Equipment Levels	<p>Marked Police vehicles Provision of specialist departments and services, where a</p>

	specific need is identified.
Key Performance Indicators	Reduction of crime, disorder and antisocial behaviour, and increased public reassurance.
Legislation/Policy	N/A
Existing Value of Contract/Service	N/A
Boundary Area	The BID area is within the geographical policing beat known as LB46.
Non-compliance Procedure	N/A
Additional Information or Notes	N/A

Service Area: - NatureScot	
Activity Area	Natural Heritage
Statutory/Non-statutory Service	Statutory
Description/Specification	We are Scotland's nature agency. We work to improve our natural environment in Scotland and inspire everyone to care more about it.
Contact	Esther.whitford@nature.scot
Existing Activity	N/A
Operational Times	N/A
Staffing and Equipment Levels	N/A
Key Performance Indicators	https://www.nature.scot/sites/CorporatePlan
Legislation/Policy	Wildlife and Countryside Act 1981
Existing Value of Contract/Service	N/A
Boundary Area	National
Non-compliance Procedure	N/A
Additional Information or Notes	N/A

Part 3 Breakdown of Council's Annual BID Levy collection and administration charge

Staff time for annual billing, monthly remittances, issue of reminders and finals, issue of ad hoc bills for tenancy & other changes, raising of summary warrants, dealing with ratepayer queries.	£5,654
Outlays: printing, stationery, postage and summary warrant fees	£2,249
Total	£7,903

Notwithstanding the requirements as laid down in the foregoing Agreement, Part 4 of the Schedule – BID Levy Detailed Operating Procedures, represents the detailed operating procedures and responsibilities associated with the management of the BID Levy Invoices, BID Levy Payments, BID Revenue Account, Transfer Payments and Bad Debt provisions.

BID Levy Invoices

1. BID Levy Invoices shall be issued by the Council on behalf of the BID Company;
2. The layout and content of the BID Levy Invoices shall follow a similar format to that of the non- domestic rates format but use BID logo;
3. Applicable Terms & Conditions shall be included at the rear of the BID Levy Invoice and in principle shall be similar to those applicable to the payment of non-domestic rates;
4. Bank account details for payment of the BID levy by each eligible business shall be included on the BID Levy Invoice and shall be the same as that for the payment of the non-domestic rates the Council;

BID Levy Payments

1. Payments shall be made on an annual basis, at the start of the BID term, and on the anniversary of the start of the BID Term for the following 4 years, pursuant to Clause 8.6 of this Agreement as a single payment or in 4 instalments;
2. Levy payers shall have the option to pay BID levy online into the nominated bank account as described above or by cheque;
3. BID Levy Invoices shall be issued for new properties, amended properties, including split, merged and re-organised properties on a pro-rated basis for the remainder of the financial year.

BID Revenue Account

1. Levy payments shall be paid by the BID Levy Payers into the Council's General Revenue Account and held in this account on a temporary basis until such time as the funds can be transferred to a separate BID Revenue Account;
2. The BID Revenue Account shall be operated in accordance with schedule 3 of the Regulations;

Remittances of the BID Levy to the BID Company

1. Remittances from the Council's BID Revenue Account shall be made expeditiously to the BID Company's bank account, but no later than 14 days from the date of the BID invoice raised by the BID company and generally in pursuance with Clause 8 of this Agreement;

Bad Debtors and Recovery of Bad Debts

1. Bad debtors shall be identifiable by review of the list of those eligible businesses that have NOT paid the BID levy (ie. By exception only). In consequence it shall be the responsibility of the Council to identify any bad debtors;
2. Notwithstanding the obligations on the Council pursuant the Clause 9 of this Agreement the recovery of bad debts shall be the sole responsibility of the Council;
3. Bad debts recovered by the Council shall be paid into the Council's General Revenue Account for subsequent transfer to the BID Revenue Account

Part 4 Map of the BID Area (attached)

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of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

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