

Public Document Pack

Argyll and Bute Council

Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



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1 December 2022

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held **ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS** on **THURSDAY, 8 DECEMBER 2022 at 10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 5 - 10)
Policy and Resources Committee held on 13 October 2022
- * 4. **FINANCIAL REPORTS MONITORING PACK - 31 OCTOBER 2022** (Pages 11 - 134)
Report by Section 95 Officer
5. **BUDGET OUTLOOK 2023-24 TO 2027-28** (Pages 135 - 158)
Report by Section 95 Officer
6. **ISLANDS COST CRISIS EMERGENCY FUND** (Pages 159 - 160)
Report by Executive Director with responsibility for Development and Economic Growth
7. **LOCAL AUTHORITY COVID ECONOMIC RECOVERY FUND UPDATE**
(Pages 161 - 168)
Report by Executive Director with responsibility for Development and Economic Growth
- * 8. **2023/2024 ANNUAL REVIEW - PROCUREMENT STRATEGY 2022/25 AND SUSTAINABLE PROCUREMENT POLICY 2022/25** (Pages 169 - 238)
Report by Executive Director with responsibility for Legal and Regulatory Support

9. CLIMATE CHANGE BOARD UPDATE & DE-CARBONISATION TRACKER

(Pages 239 - 264)

Report by Executive Director with responsibility for Commercial Services

10. RURAL GROWTH DEAL - UPDATE PAPER (Pages 265 - 296)

Report by Executive Director with responsibility for Development and Economic Growth

11. LORN ARC TAX INCREMENTAL FINANCE PROGRAMME - UPDATE REPORT

(Pages 297 - 302)

Report by Executive Director with responsibility for Development and Economic Growth and Executive Director with responsibility for Commercial Services

12. CONSERVATION AREA REGENERATION SCHEME (CARS) PROJECT: 3-17 COLCHESTER SQUARE, LOCHGILPHEAD (Pages 303 - 310)

Report by Executive Director with responsibility for Development and Economic Growth

13. SCOTTISH GOVERNMENT GAELIC AND SCOTS AND A SCOTTISH LANGUAGES BILL: CONSULTATION (Pages 311 - 358)

Report by Executive Director with responsibility for Customer Support Services

REPORTS FOR NOTING

14. POLICY AND RESOURCES COMMITTEE WORK PLAN (Pages 359 - 362)

REPORT WITH EXEMPT APPENDIX FOR DECISION

15. OUR MODERN WORKSPACE (OMW) - PLACE DEMONSTRATOR FUNDING FOR ROTHESAY

(a) Report by Executive Director with responsibility for Commercial Services (Pages 363 - 368)

E1 (b) Appendix 1 (Pages 369 - 370)

(c) Appendix 2 (Pages 371 - 372)

EXEMPT REPORT FOR DECISION

E2 **16. PROGRESS REPORT: DANGEROUS BUILDING: 5-7 EAST CLYDE STREET, HELENSBURGH** (Pages 373 - 382)

Report by Executive Director with responsibility for Development and Economic Growth

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

The Committee 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 paragraphs are:-

- E1 Paragraph 8** The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- E2 Paragraph 6** Information relating to the financial or business affairs of any particular person (other than the authority).

Policy and Resources Committee

Councillor Gordon Blair	Councillor Robin Currie (Chair)
Councillor Audrey Forrest	Councillor Kieron Green
Councillor Amanda Hampsey	Councillor Fiona Howard
Councillor Willie Hume	Councillor Andrew Kain
Councillor Reeni Kennedy-Boyle	Councillor Jim Lynch
Councillor Liz McCabe	Councillor Yvonne McNeilly
Councillor Ross Moreland	Councillor Gary Mulvaney (Vice-Chair)
Councillor Dougie Philand	Councillor Alastair Redman

Contact: Hazel MacInnes Tel: 01546 604269

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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**POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****8 DECEMBER 2022**

FINANCIAL REPORTS MONITORING PACK – 31 OCTOBER 2022

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of October 2022. There are five detailed reports, setting out the position as at 31 October 2022, which are summarised in this Executive Summary:

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

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

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

2.1.2 There is a forecast overspend of £0.545m as at the end of October 2022. The key variances are:

- £0.763m overspend from Roads and Infrastructure. The main reasons for this are an under-recovery of income in piers and harbours (£0.440m), an overspend in employee costs due to sickness absence cover and a back payment for an increased tonnage rate for waste disposal from one of our suppliers (£0.304m). These are partially offset by an over-recovery of income in crematoria.
- £0.286m overspend due to a high demand for services and use of agency staff within Social Work
- £0.026m overspend from the elected members pay award being greater than available budget. (The pay award is set nationally via Statutory Instrument and the forecast overspend is due to a 5.2% increase which is above the 2% previously built into the budget).
- £0.493m over-recovery of Council Tax
- £0.037m under-spend against Development and Economic Growth resulting from an over-recovery of income from private water supply appraisals

2.1.3 The forecast overspend does not include the potential impact of the 2022-23 pay settlement which has now concluded for Local Government staff (SJC conditions) with the application of the new pay scale and back pay during November. Please note that the negotiations for teaching staff and chief officers are ongoing. The

Scottish Government has agreed to provide an additional £140m of recurring resource from 2022-23 to support the settlement and a further £120.6m of capital funding in 2022-23 and 2023-24 which will be baselined as General Revenue Grant from 2024-25 onwards. It has been advised that there is an expectation that a proportionate share of the additional funding is passed over to the Health and Social Care Partnership (HSCP), however, this is not a direction and is therefore at the discretion of the Council. There remains a budget pressure that both the Council and the HSCP will require to fund. It is recommended that Members give consideration as to what share of this funding should be passed to the HSCP. If a proportionate share is passed to the HSCP, this would result in a gap for the Council of around £2.1m and for the HSCP £0.5m.

- 2.1.4 There is a year to date underspend of £6.066m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.
- 2.1.5 With regard to the ongoing financial impact of COVID-19, there are £8.965m of reserves committed to manage the impact of the pandemic. The detail behind these commitments is contained within Appendix 2 of the Reserves and Balances report.
- 2.1.6 Total policy savings relevant to 2022-23 financial year amount to £1.560m. The table below outlines their progress as at 31 October 2022.

Category	No. of Options	2022-23 £000	2022-23 FTE	2023-24 £000	2023-24 FTE	Future Years £000	Future Years FTE
Delivered	10	367.0	1.4	375.0	1.4	375.0	1.4
On Track to be Delivered	7	471.5	0.5	474.5	0.5	477.5	0.5
Still to be Implemented	1	0.5	0.0	0.5	0.0	0.5	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	4	402.5	0.0	402.5	0.0	402.5	0.0
Delayed	2	318.2	0.0	437.8	0.0	437.8	0.0
TOTAL	24	1,559.7	1.9	1,690.3	1.9	1,693.3	1.9

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

Health and Social Care Partnership (HSCP) – Financial Update

- 2.1.8 The forecast outturn position at the end of October is an estimated overspend of £0.786m for 2022-23 (£0.286m for Social Work and £0.500m for Health). The Chief Financial Officer of the IJB is confident that the spend will be brought in line with budget by the end of the financial year using slippage from growth projects and anticipated additional funding allocations.

2.2 Monitoring of Financial Risks

- 2.2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.
- 2.2.2 There are 5 Council wide revenue risks identified for 2022-23 currently amounting to £2.323m.
- 2.2.3 There are currently 41 departmental risks totalling £5.090m. Of the 41 departmental risks, one is categorised as almost certain and 4 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.
- 2.2.4 The top three risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	5	500
Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	3	400

- 2.2.5 There have been 3 changes to the departmental risks since the report as presented to the Policy and Resources Committee on 13 October 2022. These are outlined in paragraph 3.4.1 of the Financial Risks Report.

2.3 Capital Plan Monitoring Report

- 2.3.1 This report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.
- 2.3.2 At the budget setting meeting on 25 February 2021, the Council agreed to provide a £2.5m provision for the increase in capital contract costs as a result of COVID-19 and following agreement at the Policy and Resources Committee on 14 October 2021, this, plus a further £0.146m, was added to the capital programme. At the budget meeting in February 2022 an additional £3.9m was set aside for further capital contract increases including up to £1.2m for Campbeltown Flood Scheme.
- 2.3.3 There are likely to be further financial pressures facing the capital programme that are not able to be quantified at this stage largely relating to inflationary increases in the construction industry and supply chain issues.
- 2.3.4 Actual net expenditure to date is £15.685m compared to a budget for the year to date of £15.413m giving rise to an overspend for the year to date of £0.272m (1.76%).
- 2.3.5 The forecast outturn for 2022-23 is a forecast net expenditure of £35.549m compared to an annual budget of £45.971m giving rise to a forecast underspend for the year of £10.422m (22.67%).
- 2.3.6 The forecast total net projects costs on the capital plan are £180.363m compared to a total budget for all projects of £179.913m giving rise to a forecast overspend for the overall capital plan of £0.450m (0.25%).
- 2.3.7 In respect of total project performance, there are 160 projects within the capital plan, 151 are complete or on target, 6 are off target and recoverable and 3 projects are off track.

2.4 Treasury Monitoring Report

- 2.4.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.4.2 The net movement in external borrowing for the period 1 September 2022 to 31 October 2022 was a decrease of £9.5m.
- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. Due to the increase in borrowing

rates it is unlikely that the Council will take out longer term loans in the short to medium term

- 2.4.4 The levels of investments were £116.2m at 31 October 2022. The average rate of return achieved was 2.508% which compares favourably with the SONIA (Sterling Overnight Index Average) for the same period of 2.186%.

2.5 Reserves and Balances

- 2.5.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.

- 2.5.2 The Council has a total of £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.

- 2.5.3 At 31 March 2022, the Council had a total of £103.183m of usable reserves. Of this:
- £2.682m relates to the Repairs and Renewals Fund
 - £4.414m relates to Capital Funds
 - £96.087m was held in the General Fund, with £88.990m of this balance earmarked for specific purposes.

- 2.5.4 Of the earmarked balance of £88.990m:
- £46.239m is invested or committed for major initiatives/capital projects
 - £6.364m has already been drawn down
 - £29.934m is still to be drawn down in 2022-23
 - £6.453m is planned to be spent in future years

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

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 22	2,482
Current Forecast Outturn for 2022-23 as at 31 October 2022		(545)
Estimated Unallocated balance as at 31 March 2023		3,778

2.5.6 It can be seen that, after taking into consideration the Budget Motion and the current forecast outturn for 2022-23, the Council is forecast to have a £3.778m surplus over contingency. The balance does not take into account the 2022-23 pay award now agreed and due to be paid in November. Should Members decide that a proportionate share of the funding is passed to the HSCP, the impact for the Council would be around £2.1m, resulting in a reduced unallocated balance of £1.678m by year end.

2.6 VIREMENTS OVER £0.200m (Revenue)

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

2.6.2 For the periods September and October, there are 2 virements requiring authorisation:

- £0.219m harvested within Social Work against the vacancy savings target for September
- £0.225m unidentified saving moved from Chief Officer Integration to Adult Services

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 October 2022
- b) Note the financial risks for 2022-23
- c) Note the capital plan monitoring report as at 31 October 2022 and approve the proposed changes to the capital plan outlined in Appendix 4 of that report.
- d) Note the treasury monitoring report as at 31 October 2022
- e) Consider the reserves and balances report as at 31 October 2022
- f) Recommend to Council that the revenue virements over £0.200m during September and October 2022 are approved
- g) Recommend that Members give consideration as to what share of the additional £140m Revenue and £120.6m Capital funding relating to the pay award should be passed to the HSCP. If a proportionate share is passed to the HSCP in 2022-23 this equates to £0.490m and £0.422m respectively.

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2022-23 as at 31 October 2022
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.5.1	Equalities – protected characteristics -	None.
4.5.2	Socio-economic Duty -	None.
4.5.3	Islands -	None.
4.6	Climate Change -	None.
4.7	Risk -	Risks are included in financial risks report.
4.8	Customer Service -	None.

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

2022-23 Overall Position:

There is an overall forecast overspend of £0.545m as at the end of October 2022. Within Executive Director Kirsty Flanagan, there is a forecast overspend of £0.726m due to an under-recovery of income in Piers and Harbours (£0.440m); an overspend in Waste employee costs due to sickness absence cover and a back-payment for an increased tonnage rate for Waste Disposal from one of our suppliers (£0.304m). These are partially offset with additional income in Crematoria and Private Water Supply Appraisals. Within Social Work, there is a forecast overspend of £0.286m due to a high demand for services and agency staff costs. Central Budgets are projecting a £0.026m overspend resulting from the Elected Members pay award, which is set nationally via Statutory Instrument, being greater than the available budget. There is a projected over-recovery of Council tax of £0.493m

It should be noted that the forecast overspend does not include the potential impact of the 2022-23 SJC pay settlement which will be paid to those employees during November. Note the negotiations for teaching staff and chief officers are ongoing.

There is a year to date overspend of £6.066m. The year to date variances within the departments tend to relate to the timing of income and expenditure and costs to capital not recharged yet.

Key Highlights as at October 2022:

- The 2022-23 SJC pay award will be paid to employees in November period.

Key Financial Successes:

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

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

Key Financial Challenges:

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

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

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

Proposed Actions to address Financial Challenges:

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

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

Continue to work closely with the CFO of the IJB to ensure that early indication of any potential adverse financial outturn is known and

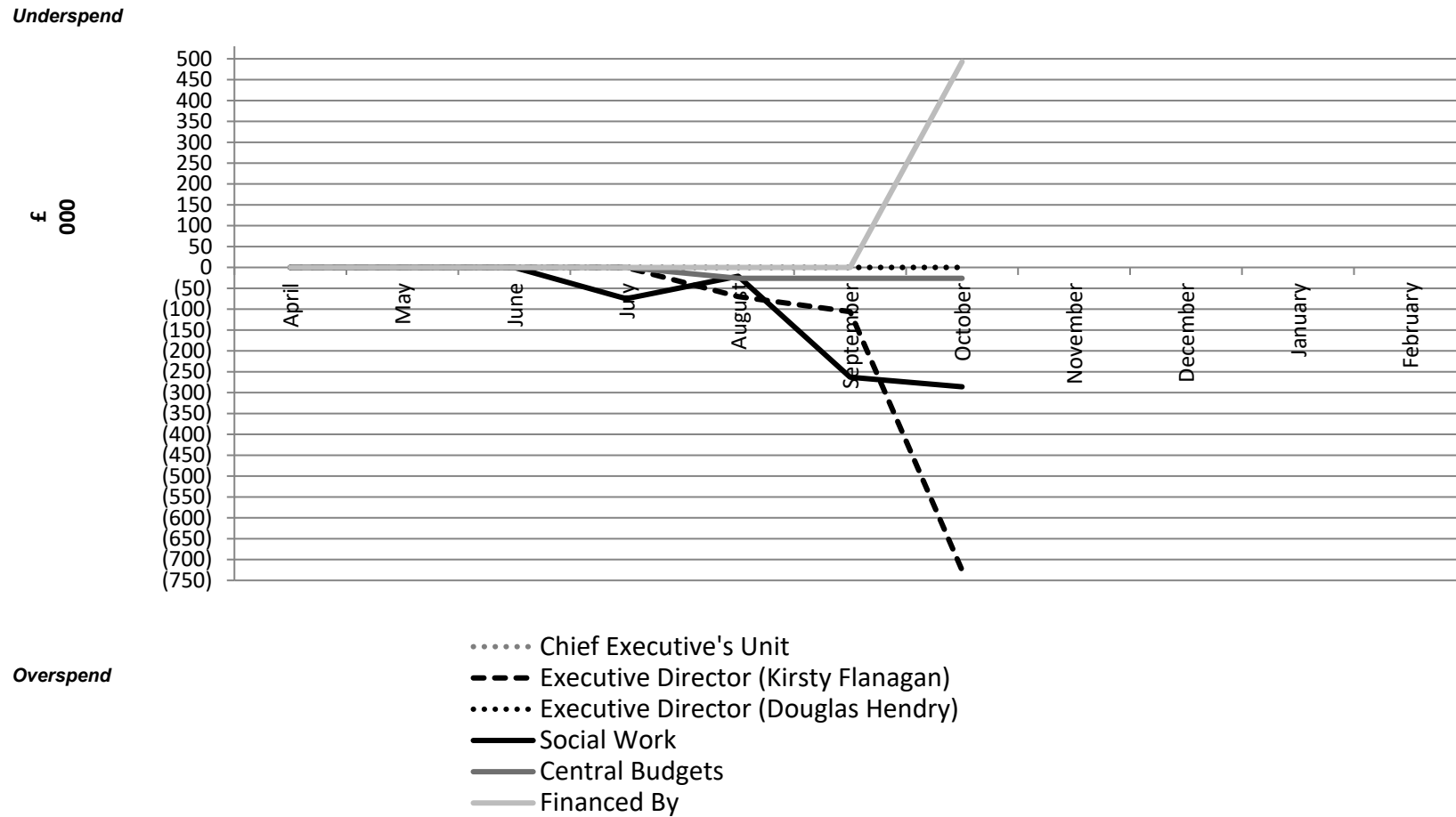
	corrective action is agreed as appropriate to reduce the risk to the Council.
Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2022-23 budget was agreed in February 2022 there are still budget gaps in future years.	The Council will continue to progress savings options identified in 2021-22 that require further development and seek to identify further savings through themed reviews and business process reviews.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are regularly reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention on these areas.
Ongoing requirement to fund unavoidable inflationary increases in areas like utility costs, fuel, food etc. This is impacted further by the availability of supply as a result of the COVID-19 pandemic, UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities to name a few influencing factors.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.
Cost of living crisis impacting on pay inflation negotiations which could result in pay awards above what is deemed affordable.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

There is a forecast overspend of £0.545m for 2022-23 as at the end of October 2022

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	6,466	6,466	0	0	0	
Executive Director (Douglas Hendry)	126,303	126,303	0	0	0	
Executive Director (Kirsty Flanagan)	46,382	47,108	(726)	(106)	(620)	Overspend is due to an under-recovery of income in Piers and Harbours; an overspend in Waste employee costs due to sickness absence and a back-payment for increased tonnage rate for Waste Disposal. These are partially offset with additional income in Crematoria and Private Water Supply Appraisals.
Social Work	72,911	73,197	(286)	(263)	(23)	Overspend due to high demand for services and agency staff
Central Budgets	23,867	23,893	(26)	(26)	0	Overspend due to Elected Members pay award being higher than available budget
Financed By	(275,929)	(276,422)	493	0	493	Projected over-recovery of Council tax
Total	0	545	(545)	(395)	(150)	

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

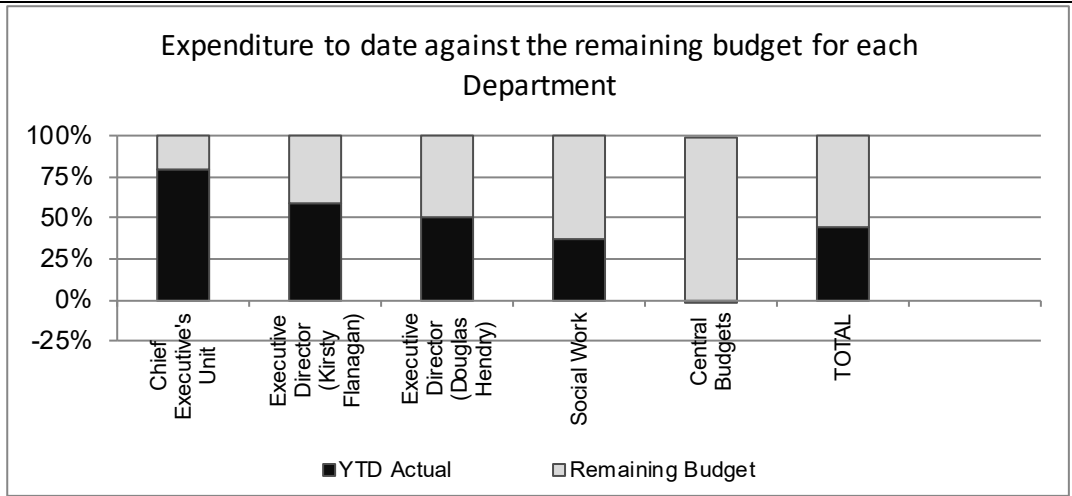


Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at the end of October 2022 is an underspend of £6.066m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	5,122	5,122	0	
Executive Director (Douglas Hendry)	64,372	65,281	909	The YTD underspend is mainly due to underspends in employee budgets within school and learning centres. Under the Scheme of Devolved School Management, schools are permitted flexibility at the end of the year so no forecast variance is required. The remaining variances are profile related and will be refined through November
Executive Director (Kirsty Flanagan)	27,587	24,993	(2,594)	The YTD overspend is mainly due to income behind profile in the Roads Operational Holding Account due to Capital project timing which is difficult to profile and also an under-recovery of income in Piers and Harbours
Social Work	27,298	27,366	68	The YTD underspend is largely due to demand for services across Children and Families and timing of payments across Adult Services
Central Budgets	(225)	7,458	7,683	The YTD underspend can be attributed to timings of payments and profiling issues
Funding	(151,667)	(151,667)	0	
Total Net Expenditure	(27,513)	(21,447)	6,066	



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 OCTOBER 2022

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	5,122	5,122	0	0.0%	6,466	6,466	0	0.0%
Executive Director (Kirsty Flanagan)	27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)
Executive Director (Douglas Hendry)	64,372	65,281	909	1.4%	126,303	126,303	0	0.0%
Social Work	27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)
Total Departmental Budgets	124,379	122,762	(1,617)	(1.3%)	252,062	253,074	(1,012)	(0.4%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(385)	837	1,222	146.0%	2,019	2,045	(26)	(1.3%)
Joint Boards	626	872	246	28.2%	1,496	1,496	0	0.0%
Non-Controllable Costs	(466)	5,749	6,215	108.1%	20,352	20,352	0	0.0%
Total Central Budgets	(225)	7,458	7,683	103.0%	23,867	23,893	(26)	(0.1%)
TOTAL NET EXPENDITURE	124,154	130,220	6,066	4.7%	275,929	276,967	(1,038)	(0.4%)
<u>Financed By</u>								
Aggregate External Finance	(115,301)	(115,301)	0	0.0%	(216,785)	(216,785)	0	0.0%
Local Tax Requirement	(36,366)	(36,366)	0	0.0%	(55,262)	(55,755)	493	(0.9%)
Contributions to General Fund		0	0	0.0%	2,482	2,482	0	0.0%
Earmarked Reserves		0	0	0.0%	(6,364)	(6,364)	0	0.0%
Total Funding	(151,667)	(151,667)	0	0.0%	(275,929)	(276,422)	493	(0.2%)
(Deficit)/Surplus for Period	(27,513)	(21,447)	6,066		0	545	(545)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 OCTOBER 2022

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	90,582	91,540	958	1.1%	171,745	172,610	(865)	(0.5%)
Premises Related Expenditure	10,337	9,864	(473)	(4.8%)	16,713	16,864	(151)	(0.9%)
Supplies and Services	15,174	14,331	(843)	(5.9%)	25,687	26,078	(391)	(1.5%)
Transport Related Expenditure	7,944	6,940	(1,004)	(14.5%)	17,271	17,421	(150)	(0.9%)
Third Party Payments	87,474	89,424	1,950	2.2%	169,143	170,059	(916)	(0.5%)
Capital Financing	2,708	0	(2,708)		14,039	14,039	0	0.0%
TOTAL EXPENDITURE	214,219	212,099	(2,120)	(1.0%)	414,598	417,071	(2,473)	(0.6%)
Income	(241,732)	(233,546)	8,186	(3.5%)	(414,598)	(416,526)	1,928	(0.5%)
(Deficit)/Surplus for Period	(27,513)	(21,447)	6,066		0	545	(545)	

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – AS AT 31 OCTOBER 2022

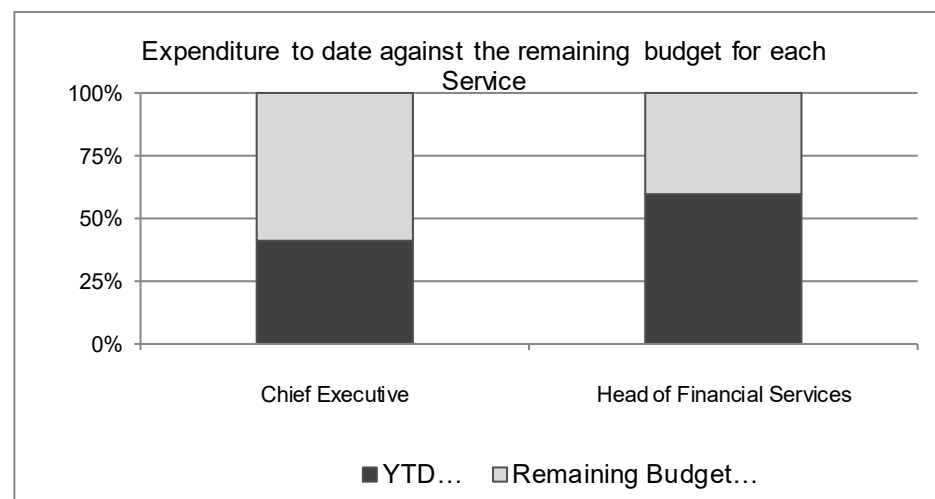
The department is currently forecasting spend in line with budget.

The department has a year to date spend in line with budget.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	970	970	0	0	0
Head of Financial Services	5,496	5,496	0	0	0
Totals	6,466	6,466	0	0	0

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2021-22 outturn position was an underspend of £0.018m. This resulted from an overall underspend of £2.013m offset by earmarking of £1.769m due to auto-carry forwards including unspent grants and COVID-19 funding and £0.226m of unspent budget earmarkings.

Key Financial Challenges:

To continue to deliver a high quality support service function during a time of substantial uncertainty and challenge arising from continuing reductions in funding whilst costs are increasing due to high inflation and service demand caused by world events including the COVID-19 pandemic and the conflict in Ukraine.

Proposed Actions to address Financial Challenges:

Ensure the team is operating as efficiently and effectively as possible to enable continued support to departments with reduced resources by building resilience through knowledge sharing across the team and maximising the benefits to the service from the implementation of the Oracle Fusion Financial Ledger System.

Carry out a business process review of the Revenues and Benefits function to determine if there is scope to deliver the service in a more cost effective manner.

Work collaboratively with other services of the Council to identify opportunities to improve the operational and financial efficiency of services and to support evidence based decision making.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Executive	194	194	0	0.0%	383	383	0	0.0%	Outwith Reporting Criteria
Community Planning & Development	275	296	21	7.1%	587	587	0	0.0%	Outwith Reporting Criteria
	469	490	21	4.3%	970	970	0	0.0%	
Accounting & Budgeting	1,361	1,364	3	0.2%	2,400	2,400	0	0.0%	Outwith Reporting Criteria
Internal Audit & Fraud	157	157	0	0.0%	225	225	0	0.0%	Outwith Reporting Criteria
Revenues & Benefits	2,476	2,505	29	1.2%	2,119	2,119	0	0.0%	Outwith Reporting Criteria
Scottish Welfare Fund	659	606	(53)	(8.8%)	752	752	0	0.0%	Earmarkings to be drawn down to offset the overspend
	4,653	4,632	(21)	(0.5%)	5,496	5,496	0	0.0%	
	5,122	5,122	0	0.0%	6,466	6,466	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	2,821	2,797	(24)	(0.9%)	5,300	5,300	0	0.0%	Outwith reporting criteria.
Supplies and Services	222	249	27	10.8%	678	678	0	0.0%	Profiling ahead of spend for Printing and Stationery and numerous other accumulating variances
Transport	7	19	12	63.2%	32	32	0	0.0%	Underspend on staff travel budgets.
Third Party	11,735	14,280	2,545	17.8%	25,270	25,270	0	0.0%	An underspend of £2.598m on Housing benefits (offset against income) offset by numerous accumulating variances coming to an overspend of £0.053m
Income	(9,663)	(12,223)	(2,560)	20.9%	(24,814)	(24,814)	0	0.0%	An overspend of £2.598m on Housing Benefits (offset against third party payments) offset by numerous accumulating variances coming to an underspend of £0.038m
Totals	5,122	5,122	0	0.0%	6,466	6,466	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 OCTOBER 2022

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 31 OCTOBER 2022

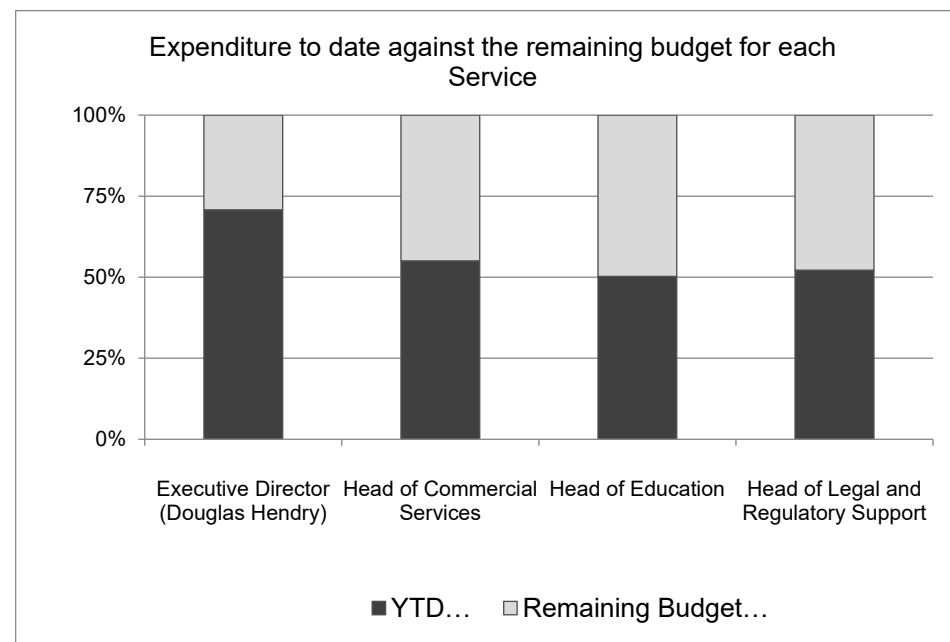
The department is currently forecasting spend in line with budget.

The department has a year to date (YTD) underspend of £0.909m (1.4%). The year to date underspend position is mainly due to underspends in employee budgets within schools and learning centres. Under the Scheme of Devolved School Management schools are permitted flexibility at the end of the year so no forecast variance is required. The remaining variances are mainly profile related and will be refined through November.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	274	274	0	0	0
Head of Commercial Services	9,703	9,703	0	0	0
Head of Education	97,222	97,222	0	0	0
Head of Legal and Regulatory Support	19,104	19,104	0	0	0
Totals	126,303	126,303	0	0	0

Year to Date Position



Key Financial Successes:

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Douglas Hendry)	Central/Management Costs	194	212	18	8.5%	274	274	0	0.0%	Outwith Reporting Criteria
		194	212	18	8.5%	274	274	0	0.0%	
Head of Commercial Services	Catering	121	208	87	41.8%	957	957	0	0.0%	YTD underspend due to timing of costs relating to school holidays partially offset by overspends elsewhere within catering.
Head of Commercial Services	Central/Management Costs	640	578	(62)	(10.7%)	1,018	1,018	0	0.0%	YTD overspend in Cleaning and Catering HQ due to staff costs - virements/journals to be processed in November in relation to staff movements which will offset the majority of this. Costs relating to Our Modern Workspace project to be transferred to capital.
Head of Commercial Services	CHORD	48	37	(11)	(29.7%)	20	20	0	0.0%	YTD overspend in CHORD due to income profiling.
Head of Commercial Services	Cleaning	(23)	10	33	330.0%	375	375	0	0.0%	YTD underspend mainly due to timing of income and an underspend within staff costs due a reduction in the use of casual cleaning staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	3,447	3,398	(49)	(1.4%)	5,814	5,814	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Events & Commercial Catering	97	48	(49)	(102.1%)	113	113	0	0.0%	The YTD overspend is due to an under recovery of income caused by the closure of the Civic Centre Café and reduced footfall within Kilmory Canteen. There is also an under recovery of income within Events as a result of the slow recovery from the pandemic.

Head of Commercial Services	Property Portfolio	(132)	(137)	(5)	3.7%	(194)	(194)	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Property Services	571	363	(208)	(57.3%)	548	548	0	0.0%	The YTD overspend is largely due to a £165k variance within Renewable Energy due to income profiling and the profiling of Property Services charges.
Head of Commercial Services	Shared Offices	571	615	44	7.2%	1,052	1,052	0	0.0%	Outwith Reporting Criteria
		5,340	5,120	(220)	(4.3%)	9,703	9,703	0	0.0%	
Head of Education	Additional Support for Learning	5,398	5,432	34	0.6%	9,900	9,900	0	0.0%	Outwith Reporting Criteria
Head of Education	Central/Management Costs	1,103	1,032	(71)	(6.9%)	1,893	1,893	0	0.0%	YTD overspend due to recurring overspends in licencing costs and under-recovery of rental income. Earmarked reserve to be drawn down to cover additional staff costs which will reduce YTD overspend.
Head of Education	Community Learning & Development	3	3	0	0.0%	9	9	0	0.0%	Outwith Reporting Criteria
Head of Education	COVID	589	590	1	0.2%	1,206	1,206	0	0.0%	Outwith Reporting Criteria
Head of Education	Early Learning & Childcare	75	179	104	58.1%	8,638	8,638	0	0.0%	The YTD underspend is due to the timing of receipt and processing of our ELC Partner Provider invoices and recharge for prepared meals.
Head of Education	Primary Education	19,844	19,941	97	0.5%	35,303	35,303	0	0.0%	YTD underspend largely due to underspends within primary schools staffing budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at yearend, therefore no forecast variance has been processed in relation to this.
Head of Education	Pupil Support	1,392	1,326	(66)	(5.0%)	2,422	2,422	0	0.0%	There is a YTD overspend of £73k in Schools Residential Placements, offset by other small YTD underspends. It is likely

										that this will continue to be a pressure in 2022/23 and a forecast projection is currently being developed.
Head of Education	Schools - Central Services	1,039	1,040	1	0.1%	2,827	2,827	0	0.0%	Outwith Reporting Criteria
Head of Education	Secondary Education	19,426	20,164	738	3.7%	35,024	35,024	0	0.0%	YTD underspend largely due to underspends within secondary schools staffing budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at yearend, therefore no forecast variance has been processed in relation to this.
		48,869	49,707	838	1.7%	97,222	97,222	0	0.0%	
Head of Legal & Regulatory Support	Central/Management Costs	126	129	3	2.3%	256	256	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	93	97	4	4.1%	173	173	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Elections	214	205	(9)	(4.4%)	386	386	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance	340	357	17	4.8%	773	773	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	285	287	2	0.7%	538	538	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Legal Services	234	230	(4)	(1.7%)	650	650	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	NPDO and Hub Schools	7,673	7,896	223	2.8%	14,474	14,474	0	0.0%	YTD underspend due to profiling of Third Party Payments associated income from recharge to Education, as well as staff vacancies within Contract Management Team.
Head of Legal & Regulatory Support	Procurement, Commercial and	542	592	50	8.5%	1,132	1,132	0	0.0%	Outwith Reporting Criteria

	Contract Management									
Head of Legal & Regulatory Support	Trading Standards & Advice Services	462	449	(13)	(2.9%)	722	722	0	0.0%	Outwith Reporting Criteria
		9,969	10,242	273	2.7%	19,104	19,104	0	0.0%	
		64,372	65,281	909	1.4%	126,303	126,303	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	50,973	52,221	1,248	2.4%	96,642	96,642	0	0.0%	<p>Non-Education: The YTD underspend of £14k is due to an £88k overspend within Commercial Services Catering HQ to be offset by budget from Period Products and HPN Compliance, offset by an underspend of £102k within Legal and Regulatory Services caused by delays in recruitment in Procurement and Contract Management.</p> <p>Education: The YTD underspend of £1.234m is due to employee budgets within schools and learning centres. Under the Scheme of Devolved School Management schools are permitted flexibility at the end of the year so no forecast variance is required.</p>
Premises	4,092	3,583	(509)	(14.2%)	7,217	7,217	0	0.0%	<p>Non-Education: YTD overspend of £88k largely due to profiling of refuse collection budgets and contractor costs for surplus properties.</p> <p>Education: YTD overspend of £421k is in part due to demolition costs for Hermitage PS and other school estate property adaptations not covered by CRA budgets. Overspend will be partially reduced by earmarked reserves to be drawn down for disability alterations at various locations and position will be monitored in relation to potential recovery of insurance monies in respect of Hermitage PS.</p>
Supplies and Services	6,389	6,823	434	6.4%	12,325	12,325	0	0.0%	<p>Non-Education: The YTD overspend of £45k is due to the profiling of catering purchases which will be refined through November and an overspend within tools and equipment offset by income from Live Argyll.</p> <p>Education: The YTD underspend of £479k is mainly due to the profiling of Pupil Equity Funding Expenditure Budget Allocations from Scottish Government which will be refined through November. This underspend is offset slightly by overspends in subscriptions and licensing budgets.</p>
Transport	202	174	(28)	(16.1%)	338	338	0	0.0%	<p>Non-Education: Nil variance</p> <p>Education: The YTD overspend of £28k is due to staff travel costs including acting posts and additional costs of school to college transport/ASN support.</p>
Third Party	23,718	23,584	(134)	(0.6%)	40,455	40,455	0	0.0%	<p>Non-Education: YTD overspend of £68k largely due Schools Residential Placements. It is likely that this will continue to be a pressure in 2022/23 and a forecast projection is currently being developed. Profiling of school meal vouchers also contributing to YTD overspend.</p> <p>Education: The YTD overspend of £66k is largely down to profiling of NPDO third party payments.</p>
Income	(21,002)	(21,104)	(102)	0.5%	(30,674)	(30,674)	0	0.0%	<p>Non-Education: The £259k YTD over-recovery is mainly due to NPDO recharges to Education and income from Live Argyll offset by costs elsewhere. This is partially offset by YTD under recovery within Renewable Energy due to income profiling and accruals.</p> <p>Education: The £361k YTD under recovery of income is mainly due profiling of School Meals income and an accrued income claim for Developing Our Young Workforce which has been submitted but funding not received as yet. There is also an under recovery of schoolhouse rental income.</p>
Totals	64,372	65,281	909	1.4%	126,303	126,303	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 31 OCTOBER 2022

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 31 OCTOBER 2022

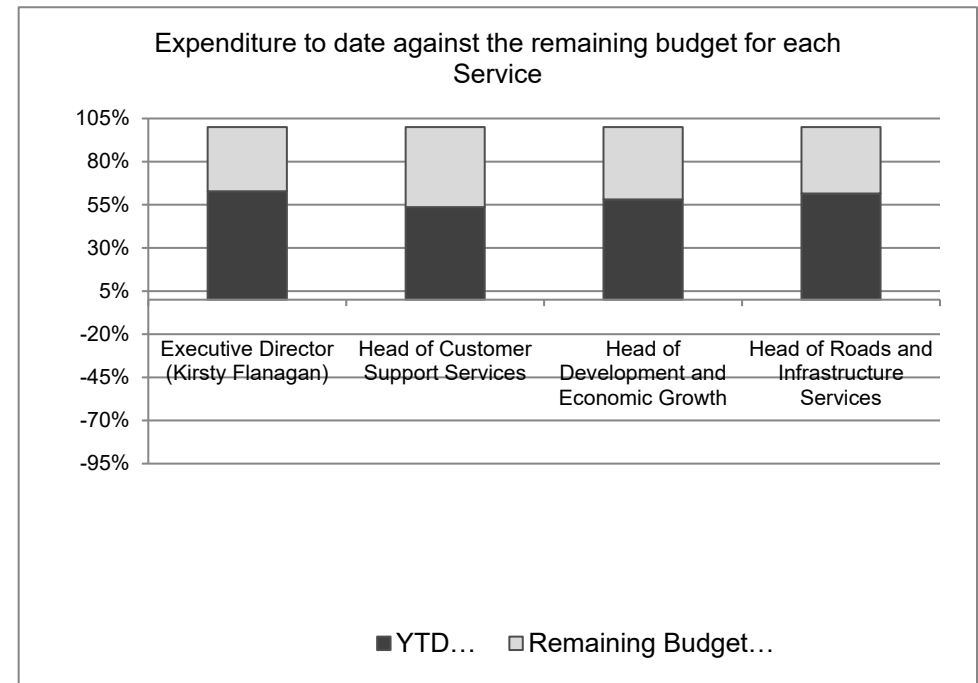
The department is currently forecasting an overspend of £0.726m (1.6%) for the year. This is due to an under-recovery of income in Piers and Harbours (£0.440m); an overspend in Waste employee costs due to sickness absence cover and a back-payment for an increased tonnage rate for Waste Disposal from one of our suppliers (£0.304m). These are partially offset with additional income in Crematoria and Private Water Supply Appraisals.

The department has a year to date overspend of £2.594m (10.4%). This is mainly due to income being behind profile in the Roads Operational Holding Account due to Capital project timing which is difficult to profile and under-recovery of income in Piers and Harbours.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	234	234	0	0	0
Head of Customer Support Services	7,842	7,842	0	0	0
Head of Development and Economic Growth	9,583	9,546	37	37	0
Head of Roads and Infrastructure Services	28,723	29,486	(763)	(143)	(620)
Totals	46,382	47,108	(726)	(106)	(620)

Year to Date Position



Key Financial Successes:

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Kirsty Flanagan)	Central/Management Costs	147	136	(11)	(8.1%)	234	234	0	0.0%	Outwith Reporting Criteria.
		147	136	(11)	(8.1%)	234	234	0	0.0%	
Head of Customer Support Services	Central/Management Costs	102	94	(8)	(8.5%)	164	164	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Communications	124	166	42	25.3%	308	308	0	0.0%	Bord na Gaidhlig income received in advance of expenditure against a zero budget.
Head of Customer Support Services	Customer Service Centres	753	668	(85)	(12.7%)	1,305	1,305	0	0.0%	Under-recovery of income in the Print Room.
Head of Customer Support Services	HR	1,182	1,147	(35)	(3.1%)	2,099	2,099	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	ICT	2,080	2,116	36	1.7%	3,935	3,935	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Registrars	(31)	(13)	18	(138.5%)	31	31	0	0.0%	Income received ahead of profiled budget, this will be monitored closely in the coming months.
		4,210	4,178	(32)	(0.8%)	7,842	7,842	0	0.0%	
Head of Development & Economic Growth	Airports	707	709	2	0.3%	1,162	1,162	0	0.0%	Outwith Reporting Criteria.
Head of Development	Building Control	(164)	(67)	97	(144.8%)	(110)	(110)	0	0.0%	Building warrant income received ahead

& Economic Growth										of profiled budget, this will be monitored closely in the coming months, plus vacancy savings.
Head of Development & Economic Growth	Central/Management Costs	259	320	61	19.1%	574	574	0	0.0%	Delay in Ordnance Survey - One Scotland Mapping invoice being received.
Head of Development & Economic Growth	Culture & Heritage	111	62	(49)	(79.0%)	216	216	0	0.0%	Expenditure for Events and Festivals - earmarked reserve to be drawn down to cover.
Head of Development & Economic Growth	Development Management	(482)	46	528	1147.8%	224	224	0	0.0%	Additional Planning Fee income which is planned to be used to fund additional resources.
Head of Development & Economic Growth	Development Policy	229	191	(38)	(19.9%)	366	366	0	0.0%	Additional expenditure on Local Development Plan requires earmarked reserves to be drawn down to cover.
Head of Development & Economic Growth	Economic Development	1,261	2,229	968	43.4%	2,534	2,534	0	0.0%	Income for Islands Infrastructure Fund and Place Based Investment received in advance of payments.
Head of Development & Economic Growth	Environmental Health	600	557	(43)	(7.7%)	1,205	1,168	37	3.1%	Additional income received for Appraisal of Water Supplies.
Head of Development & Economic Growth	Environmental Initiatives	82	60	(22)	(36.7%)	113	113	0	0.0%	Profile of third party payment.
Head of Development & Economic Growth	Housing	2,843	2,738	(105)	(3.8%)	3,080	3,080	0	0.0%	Expenditure payments for HEEPS incurred prior to grant income being received which is partially offset by an underspend in Private

										Sector Housing Grant payments.
Head of Development & Economic Growth	Private Landlords	(8)	0	8	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Transportation Policy	129	117	(12)	(10.3%)	219	219	0	0.0%	Profile of third party payments.
		5,567	6,962	1,395	20.0%	9,583	9,546	37	0.4%	
Head of Roads & Infrastructure Services	Amenity	2,295	2,127	(168)	(7.9%)	2,819	2,838	(19)	(0.7%)	Forecast variance relates to an over-recovery if income in Crematoria offset with overspends in employee costs, under-recovery of income in Parks for Hire of Facilities income, Pest Control for external income and Public Convenience income.
Head of Roads & Infrastructure Services	Car Parking	(418)	(366)	52	(14.2%)	(623)	(623)	0	0.0%	Underspend in Car Park Maintenance.
Head of Roads & Infrastructure Services	Central/Management Costs	1,724	1,657	(67)	(4.0%)	2,803	2,803	0	0.0%	Annual recharge in Marine Management profiled incorrectly - budget to be re-profiled.
Head of Roads & Infrastructure Services	Depots	205	181	(24)	(13.3%)	(469)	(469)	0	0.0%	Rental income slightly behind profiled budget, this should be rectified as we progress through the year.
Head of Roads & Infrastructure Services	Fleet & Transport	5,013	4,815	(198)	(4.1%)	8,562	8,562	0	0.0%	Delay in Fleet Hire recharge resulting in overspend, this will be rectified once recharges are fully processed.

Head of Roads & Infrastructure Services	Infrastructure	395	374	(21)	(5.6%)	708	708	0	0.0%	Outwith Reporting Criteria.
Head of Roads & Infrastructure Services	Marine	(2,005)	(3,713)	(1,708)	46.0%	(4,371)	(3,931)	(440)	10.1%	Forecast variance relates to an under-recovery of income in Piers and Harbours. YTD variance also includes grant income budgeted for but not yet received in Ferries.
Head of Roads & Infrastructure Services	Network & Traffic Management	110	44	(66)	(150.0%)	132	132	0	0.0%	Under-recovery of income for Traffic Regulation Orders and New Roads and Street Works Act, this will be monitored closely in the coming months.
Head of Roads & Infrastructure Services	Road Safety	52	61	9	14.8%	143	143	0	0.0%	Small supplies and Services budget has not yet been spent.
Head of Roads & Infrastructure Services	Roads & Lighting	4,816	2,950	(1,866)	(63.3%)	6,178	6,178	0	0.0%	Delays in recharges to capital budget resulting in a reduction in income in the Roads Operational Holding Account, this should be rectified as we continue through the year and the recharges are processed.
Head of Roads & Infrastructure Services	Waste	5,476	5,587	111	2.0%	12,841	13,145	(304)	(2.4%)	Forecast overspend relates to additional expenditure due to increased disposal fees, offset against additional income received for Commercial Refuse.
		17,663	13,717	(3,946)	(28.8%)	28,723	29,486	(763)	(2.7%)	
		27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	18,665	18,841	176	0.9%	35,512	35,575	(63)	(0.2%)	Vacancy savings being kept in Planning to cover Agency Staff costs and Building Control temporarily until staffing changes are developed and costed. Forecast variance relates to additional staffing costs in Waste to cover sickness absence.
Premises	1,277	1,251	(26)	(2.1%)	3,010	3,010	0	0.0%	Outwith Reporting Criteria.
Supplies and Services	6,844	5,798	(1,046)	(18.0%)	10,149	10,152	(3)	(0.0%)	Material expenditure in the Roads Operational Holding Account higher than the profiled budget due to high level of capital expenditure, this will be offset with an increase in income as recharges are processed against capital throughout the year. Forecast variance relates to small overspend for Environmental Health for Sampling costs.
Transport	7,390	6,349	(1,041)	(16.4%)	16,019	16,270	(251)	(1.6%)	Overspend due to vehicle repairs and additional external leases. Forecast variance relates to Waste vehicle repairs and fuel costs.
Third Party	22,244	21,860	(384)	(1.8%)	39,297	39,719	(422)	(1.1%)	Various grant payments made in Economic Development and Housing which are offset against actual income received. Forecast variance relates to Waste Disposal payment regarding increased disposal fees and additional staffing recharges in Amenity and Waste to cover sickness absence.
Capital Financing	0	0	0	0.0%	1,592	1,592	0	0.0%	Outwith Reporting Criteria.
Income	(28,833)	(29,106)	(273)	0.9%	(59,197)	(59,210)	13	(0.0%)	Forecast variance relates to an under-recovery of income in Piers and Harbours offset with an over-recovery of Commercial Refuse Income in Waste. YTD variance also includes a delay in recharges to capital resulting in a reduction in income in the Roads Operational Holding Account offset against income for Islands Infrastructure Fund and Place Based Investment received in advance of payments.
Totals	27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)	

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 31 OCTOBER 2022

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Amenity	(496)	(581)	85	(17.1%)	Additional income in Cardross Crematorium.
Waste Collection	34	8	(50)	(147.1%)	Overspend in vehicle repairs.
Waste Collection	467	55	(81)	(17.3%)	Overspend in fuel.
Waste Collection	(1,692)	(211)	420	(24.8%)	Additional income for Commercial Refuse.
Waste Disposal	189	52	(334)	(176.7%)	Additional expenditure for increase in disposal fees.
Marine	(1,656)	(122)	(439)	26.5%	Under-recovery of income.

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

SOCIAL WORK – AS AT 31 OCTOBER 2022

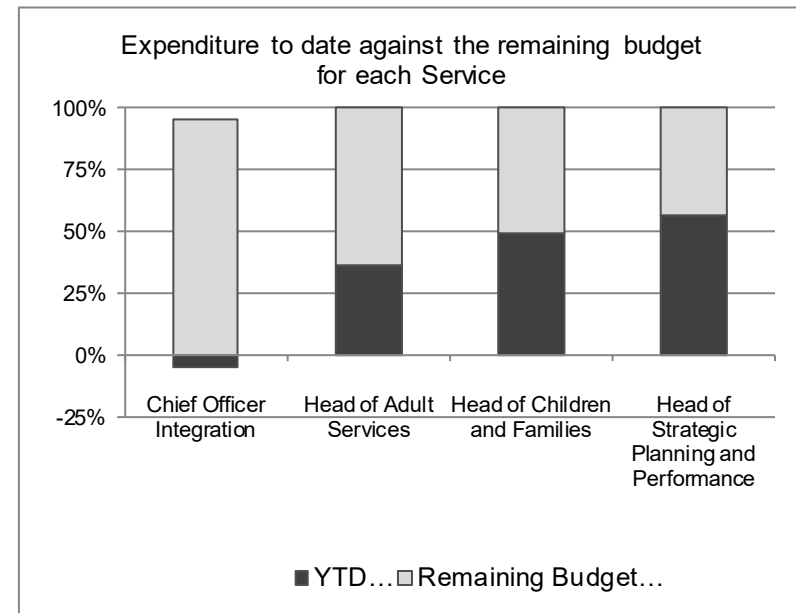
The department is currently forecasting an overspend of £0.286m (0.4%) which is mainly due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

The department has a year to date underspend of £0.068m (0.3%). This is largely due to demand for services across Children and Families and timing of payments across Adult Services.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	2,875	1,068	1,807	1,489	318
Head of Strategic Planning and Performance	436	441	(5)	8	(13)
Head of Health and Community Care	37,466	38,262	(796)	(480)	(316)
Head of Acute and Complex Care	17,052	18,770	(1,718)	(1,637)	(81)
Head of Children and Families	15,082	14,656	426	357	69
Totals	72,911	73,197	(286)	(263)	(23)

Year to Date Position



Key Financial Successes:

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

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the outstanding savings total for 2022/23 of £425k (as at October 2022).	Maintain a close working relationship with the HSCP Service Improvement Team in order to quickly and efficiently identify and assess options for delivering the outstanding savings.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource in the medium to long term.	Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.
Support the HSCP through the recovery from the COVID-19 pandemic. There have been additional costs and pressures across the HSCP as a direct result of the partnership's response to COVID-19. These costs are captured and reported to the Scottish Government via Mobilisation Plans.	Support from finance to assist the service in capturing details of all additional costs associated with the response to COVID-19 to ensure these are included in Scottish Government funding returns.
Use of agency staff to support service delivery across Older People services due to recruitment and retention challenges within the service. Year to date spend £0.879m, with a forecast spend of £1.468m at October 2022.	Close working relationship with the HSCP to support the costing of a recovery plan to stabilise the service and ensure it is operationally and financially sustainable.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	Integration Headquarters	166	236	70	29.7%	446	442	4	0.9%	The YTD position is as a result of over-recovery of income for a post recharged to Scottish Government. The forecast variance is outwith reporting criteria.
Chief Officer Integration	Social Work Central Support	(316)	532	848	159.4%	2,429	626	1,803	74.2%	The YTD variance is due to underspends on centrally held funds (£691k) and YTD over-recovery on vacancy savings (£60k) combined with YTD underspends on central repairs (£23k) and over-recovery on income for Covid-19 income loss from charges to clients and general timing of income receipts in year (£61k). The forecast reflects underspends on centrally held funds (£1.185m) combined with forecast over-recovery on vacancy savings (£591k) and additional Covid-19 funding to adjust for lost income from clients (£33k).
		(150)	768	918	189.1%	2,875	1,068	1,807	75.1%	
Head of Strategic Planning & Performance	Management & Central Costs	220	214	(6)	(2.8%)	410	417	(7)	(1.7%)	Outwith reporting criteria
Head of Strategic Planning & Performance	Service Development	26	12	(14)	(116.7%)	26	24	2	7.7%	The YTD position is as a result of budget profiling on Charges to Health Boards. The forecast variance is outwith reporting criteria.
		246	226	(20)	(119.5%)	436	441	(5)	6.0%	
Head of Health and Community Care	Management & Central Costs	216	287	71	24.7%	482	466	16	3.3%	The YTD underspend is as a result of budget profiling on Charges to Other Bodies and Third Party Payments. The forecast variance is outwith reporting criteria.

Head of Health and Community Care	Older People	14,087	13,896	(191)	(1.4%)	36,984	37,796	(812)	(2.2%)	The YTD overspend is a result of overspends on staffing in Homecare and Residential Units (agency), partially offset by timing of payments and income collected for Homecare and Care Home Placements. The forecast overspend reflects demand for Care Home Placements, Respite, Homecare and the use of agency staff. This is partially offset by forecast underspends on Carer's Respite which will be reallocated across respite services in adult care in the following months.
		14,303	14,183	(120)	(0.9%)	37,466	38,262	(796)	(2.1%)	
Head of Acute and Complex Care	Learning Disabilities	3,558	2,566	(992)	(38.7%)	11,953	13,422	(1,469)	(12.3%)	The YTD overspend is due to demand for services within Supported Living combined with slippage against budget savings targets (£203k). This is partially offset by underspends on staff payroll costs in Day Services and YTD spend on Respite due to timing of demand for placements. The forecast overspend reflects higher than budgeted demand for services in Supported Living (£708k) and Joint Residential (£468k) combined with slippage in achievement of budget savings (£305k).
Head of Acute and Complex Care	Management & Central Costs	54	68	14	20.6%	124	119	5	4.0%	The YTD underspend is as a result of budget profiling on Staff Training costs and Payments to Other Bodies. The forecast variance is outwith reporting criteria.
Head of Acute and Complex Care	Mental Health	533	512	(21)	(4.1%)	2,348	2,461	(113)	(4.8%)	Outwith reporting criteria. The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements.
Head of Acute and Complex Care	Physical Disability	1,269	1,167	(102)	(8.7%)	2,627	2,768	(141)	(5.4%)	The YTD overspend is due to demand for services within Supported Living partly offset by underspends on Residential Placements as a result of timing of

										invoice payment. The forecast overspend reflects higher than budgeted demand for services in Supported Living, Residential Placements and Respite.
		5,414	4,313	(1,101)	(30.9%)	17,052	18,770	(1,718)	(18.4%)	
Head of Children & Families	Child Protection	1,540	1,540	0	0.0%	3,244	3,224	20	0.6%	Outwith reporting criteria.
Head of Children & Families	Children with a Disability	452	496	44	8.9%	957	956	1	0.1%	Outwith reporting criteria.
Head of Children & Families	Criminal Justice	77	137	60	43.8%	88	72	16	18.2%	The YTD underspend is as a result of staff turnover and vacancies combined with underspends on staff travel and subsistence as a result and forecast underspends on payments to other bodies. The forecast underspend is on payments to other local authorities combined with staff travel and subsistence partially offset by a forecast overspend on payroll costs.
Head of Children & Families	Looked After Children	3,866	4,113	247	6.0%	7,623	7,203	420	5.5%	The YTD underspend is due to underspends in Fostering and Adoption due to demand for these services combined with underspends on Residential Placements and over-recovery of income in Supporting Young People Leaving Care from the Home Office for UASC. The forecast underspend reflects demand for Fostering, Adoption and Residential Placements as well as over-recovery of income across Supporting Young People Leaving Care for UASC activity from the Home Office. This is partially offset by overspends in the Children's Houses on payroll costs.
Head of Children & Families	Management & Central Costs	1,550	1,590	40	2.5%	3,170	3,201	(31)	(1.0%)	Outwith reporting criteria.

		7,485	7,876	391	5.0%	15,082	14,656	426	2.8%	
GRAND TOTAL		27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)	

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	16,363	16,235	(128)	(0.8%)	31,069	31,859	(790)	(2.5%)	Both the YTD overspend and forecast overspend is due to overspends in Residential Units (both children and adults) and across Homecare as a result of use of bank and agency staff. This is partially offset by the forecast over-recovery on vacancy savings (£591k).
Premises	553	528	(25)	(4.7%)	1,140	1,292	(152)	(13.3%)	The YTD variance is outwith reporting criteria. The forecast overspend is as a result of rental costs in Learning Disability Supported Living and utility costs at the Hostels.
Supplies & Services	1,079	791	(288)	(36.4%)	1,331	1,704	(373)	(28.0%)	The YTD overspend reflects slippage on the achievement of budget savings and YTD overspends on small tools and equipment due to timing of purchases at the Equipment Store. The forecast overspend is mainly due to forecast slippage on budget savings (£305k) combined with overspends on staff subsistence at Tigh a Rudha and across various other supplies and services at the Adult Services Residential Units.
Transport	322	371	49	13.2%	631	530	101	16.0%	The YTD underspend is due to various travel underspends across the service which is to be expected due to the changes to travel habits as a result of Covid-19 and the current level of staffing vacancies across the service. The forecast year end outturn reflects the continued reduction in travel costs across the service and an expectation that different ways of working will continue to reduce future spending on travel.
Third Party	28,889	28,487	(402)	(1.4%)	62,041	62,534	(493)	(0.8%)	The YTD and forecast overspend is as a result of demand for purchased care services across Adult Services. This is partially offset by underspends in Fostering, Adoption and Children's Residential Placements as well as underspends on unallocated centrally held funds.
Income	(19,908)	(19,046)	862	(4.5%)	(23,301)	(24,722)	1,421	(6.1%)	Both the YTD and forecast over recovery of income is mainly due to increased income from fees, charges and recharges.
Totals	27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)	

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

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

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 31 OCTOBER 2022

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Social Work Central Support	2,429	626	1,803	74.2%	The forecast reflects underspends on centrally held funds (£1.185m) combined with forecast over-recovery on vacancy savings (£591k) and additional Covid-19 funding to adjust for lost income from clients (£33k).
Looked After Children	7,623	7,203	420	5.5%	The forecast underspend reflects demand for Fostering, Adoption and Residential Placements as well as over-recovery of income across Supporting Young People Leaving Care for UASC activity from the Home Office. This is partially offset by overspends in the Children's Houses on payroll costs.
Older People	36,984	37,796	(812)	(2.2%)	The forecast overspend reflects demand for Care Home Placements, Respite, Homecare and the use of agency staff. This is partially offset by forecast underspends on Carer's Respite which will be reallocated across respite services in adult care in the following months.
Physical Disability	2,627	2,768	(141)	(5.4%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living, Residential Placements and Respite.
Learning Disability	11,953	13,422	(1,469)	(12.3%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living (£708k) and Joint Residential (£468k) combined with slippage in achievement of budget savings (£305k).
Mental Health	2,348	2,461	(113)	(4.8%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements.

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

MONITORING OF SAVINGS – AS AT 31 OCTOBER 2022

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

The position of historical policy saving options is as follows:

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

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

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

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB07 – Depots	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The achievement of this saving is being reviewed by officers over the coming weeks and an update will be reported to Members in due course.	£107,500
TB13b Roads and Amenity Services charging (non-statutory services)	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The original proposal was to introduce charges for providing lighting design and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences. Whilst some additional income has been generated through third party works, opportunities are expected to be limited over the foreseeable future due to staff shortages and other competing demands	£100,000
TB12b Stadiums	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Discussions had stalled with partners in the Oban and Lorn area with regard to Mossfield stadium to create a sports Hub, attract external funding to improve facilities and therefore attract additional events to the arena. The users group has now reconvened and will be reporting to the steering group. It should be noted there is generally a downturn in usage of pitches partly due to more clubs booking all weather pitches at high schools and the loss of a well-established club disbanding which will result in the loss of income.	£30,000

DEG05 – Building Standards	Feb-20	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Building market has slowed due to the increase in cost and availability of some materials. Reservations that the type of applications we receive may not realise sufficient additional income using the BCIS guide.	£50,000
TB09 – Public Conveniences	Feb-18	Delayed - The full saving will not be achieved in line with the original estimated timescale.	Tender returns have been received significantly over the available budget and work is underway to profile different options to take this scheme forward in whole or in part.	£24,000
PROP01 - Office Rationalisation	Feb-21	Delayed - The full saving will not be achieved in line with the original estimated timescale	The rationalisation programme has been delayed due to the volume of information required to determine the number of office spaces required for continued service delivery, consultations and change in third party demand for disposals than originally forecast. However, Our Modern Workspace is now well underway with a town by town approach. Savings will be made by a reduction in cleaning, NDR and utilities of mothballed, closed, leased or disposed of office buildings. 2 buildings have been closed and 2 buildings have been leased for other purposes, and all existing buildings except those identified as Hub buildings have not operated to full capacity since 2020 and therefore a reduction in utility consumption has been identified and is currently being costed.	£250,000

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

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

FINANCIAL RISKS ANALYSIS 2022-23

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 5 Council wide revenue risks identified for 2022-23 currently amounting to £2.323m.
- 1.4 There are currently 41 departmental risks totalling £5.090m. Of the 41 departmental risks, one is categorised as almost certain and 4 are categorised as likely.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2022-23

2. INTRODUCTION

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

3 DETAIL**3.1 Introduction**

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.
- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.
- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:
- 1 – Remote
 - 2 – Unlikely
 - 3 – Possible
 - 4 – Likely
 - 5 – Almost Certain
- 3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB is responsible for financial and strategic oversight of these services. It is the responsibility of the IJB to consider the individual financial risks associated with Integration Services and they are therefore not contained within this report. A Council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

3.2 Council Wide Risks**Revenue**

- 3.2.1 Utility costs remain a volatile area and it is difficult to accurately predict how the prices could vary. The outturn in respect of utilities for 2021-22 was an underspend of £0.310m which was partly due to fixed price contracts that had

been secured which have now expired. With the volatility of utilities pricing it is very difficult to predict the impact going forward but a financial risk based on a 20% variation in utility costs amounts to £0.706m.

- 3.2.2 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.553m.
- 3.2.3 At the budget meeting on 24 February 2022, the Council agreed 6 new policy savings options that would deliver savings over the period 2022-23 to 2024-25. The savings to be delivered in 2022-23 amount to £0.280m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.028m.
- 3.2.4 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared and submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and the HSCP has insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. As at 31 October 2022, the net HSCP outturn in 2022-23 is estimated to be a £0.786m overspend (£0.286m from Social Work and £0.500m from Health).
- 3.2.5 There is an ongoing requirement to fund unavoidable inflationary cost increases in areas like fuel, food etc. This has been predominantly caused by the lack of availability of supply of labour and materials as a result of the COVID-19 pandemic, the UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities. The Bank of England are currently forecasting that inflation will continue to rise until around Quarter 1 of 2023 where after they forecast that it will start to fall. We will continue to closely monitor the situation and update our financial forecasts using the best information available to us.
- 3.2.6 The Council wide risks are noted within the table below.

Description	Likelihood	Assessed Financial Impact £000
Energy costs increase by 20% greater than anticipated	3	706
1% variation in Council Tax Income	2	553
10% shortfall on Savings Options	2	28
IJB refer to Council for additional funding to deliver social work services	3	286
1% variation of General Inflation Risk	4	750
Total		2,323

Capital

- 3.2.7 The finance settlement announcement on 20 December 2021 provided details of the Local Government funding for 2022-23 and there is therefore certainty as to what our funding is in respect of General Capital Grant and the specific capital grants already distributed.
- 3.2.8 The capital plan for 2022-23 includes an estimate of £1.387m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2022. A 10% variation equates to £0.139m and this would require to be managed across the capital programme.
- 3.2.9 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty are being experienced as well as disruptions to the supply chain and longer lead times, particularly in relation to the construction sector and material availability. This can be attributed to a number of factors such as the COVID-19 pandemic, UK exit from the European Union, invasion of Ukraine and sanctions on Russian owned entities to name a few.
- 3.2.10 The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.
- 3.2.11 While it has been possible to estimate the impact of these pressures on some projects, and therefore include those projections within the capital monitoring report, for others it has been more difficult and an overspend has not been forecast at this stage but there are likely to be further significant financial impacts not yet reported within the following projects:
- Rothesay Pavilion
 - Harbour Investment Programme
 - Helensburgh Waterfront Development
 - Universal Free School Meals
- 3.2.12 For those liabilities/risks to the capital programme that were known at the start of 2022-23 it was agreed at the budget meeting in February 2022 to use amounts from the Unallocated General Fund, the 2021-22 Revenue Surplus, COVID-19 specific funding and additional borrowing to mitigate these risks.

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	1	125	0	0	2	115	0	0	1	500	4	740
Executive Director Douglas Hendry	2	20	7	545	9	870	4	380	0	0	22	1,815
Executive Director Kirsty Flanagan	3	160	3	240	9	2,135	0	0	0	0	15	2,535
Total	6	305	10	785	20	3,120	6	880	1	500	41	5,090

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	5	500
Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	3	400

3.3.3 The other risks classified as likely are:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT
				£000
Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	4	150
Commercial Services	Catering Purchases	Increased supplier charges. This estimate does not include the additional risk to food cost and uptake from the changes to food and drink standards in schools.	4	100
Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	4	100
Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	4	30

3.4 Changes to Financial Risks since last report

3.4.1 There have been 3 changes to the departmental risks since the financial risks report was presented to the Policy and Resources Committee on 13 October 2022, as follows:

- The risk in relation to increased tipping fees has been removed as the risk has been realised. The forecast variance has been added to the ledger for overspends and cost pressure added for future years.
- The risk in relation to street lighting has been reduced to possible as consideration is currently being given by officers to funding availability and the programme of works. Due to mitigations put in place the risk may not be as likely to materialise as previously expected.
- The risk in relation to Roads Materials – Bitumen has been reduced to possible due to the mitigating actions in place meaning the risk may not be as likely to materialise.

3.5 Monitoring of Financial Risks

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

3.6 Potential Future Risks

- 3.6.1 At the Policy and Resource meeting on 13th October 2022, it was discussed that the Dunbartonshire and Argyll and Bute Valuation Joint Board would be publishing new NDR rates for 2023-24 at the end of November. There is a risk of increased NDR costs across the Council's buildings and schools in 2023-24 year.
- 3.6.2 Within Customer Support Services, there is a risk in relation to the cost of additional bandwidth required to deliver the Education Digital Strategy due to a more digitalised learning curriculum. It is uncertain when this risk will arise.

4 CONCLUSION

- 4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and 41 departmental risks identified; one is categorised as almost certain and 6 are categorised as likely. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Detail of Department/Service financial risks

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Chief Executive's Unit	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	5	500	5	500
Chief Executive's Unit	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	1	125	1	125
Chief Executive's Unit	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Chief Executive's Unit	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30
Executive Director Douglas Hendry	Commercial Services	Property - Central Repairs	Increased demands on central repairs as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	300	3	300
Executive Director Douglas Hendry	Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	There is a need to work with Education colleagues to ensure the maximum uptake of school meals in secondary schools is achieved. This is very challenging given the reduction in secondary school meal uptake due to COVID.	4	150	4	150
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications. Costs likely to be contained within overall early years funding allocation.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges. This estimate does not include the additional risk to food cost and uptake from the changes to food and drink standards in schools.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	4	100	4	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools	The Scottish Government may not give the local authority adequate funds to support the policy	Catering Manager sits on National Operational Delivery Group	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	One Council property team now in place.	3	50	3	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	25	2	25
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Executive Director Douglas Hendry	Education	Central Repairs	Increased demands on budget as a result of increase in statutory and emergency repairs and increases in supplier/contractor charges.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	2	100	2	100
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement. The effect of COVID-19 has further increased demand on this service.	Scottish Government has given additional funding for "additional support needs priority for learning" and this has been built into the budget, this will help reduce the demand risk	3	100	3	100
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has been required to deliver 1140 hours of Early Learning and Childcare since August 2021. The Scottish Government has committed to funding this and the Council has altered the implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	Continuous monitoring and review of the implementation plan, usage and resources.	3	100	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils to carry out assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. May lead to additional staffing requirements.	Monitoring developments of the implementation of the Act and statutory guidance produced and adhered too.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate to conclude final capital contract payments due.	Monitoring claims and mitigation through robust challenge of any additional claims.	2	150	2	150
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	4	100	4	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of Covid-19 and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	3	75	3	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services - Litigation	Increased number of litigation cases.	Ensure Legal Services are gateway to access all legal advice and that advice is sought at earliest opportunity.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO/Hub DBFM contract management efficiencies	Reduction in ability to generate contract management efficiencies.	Monitoring annual efficiencies generated and mitigation through robust contract management and application of contract specifications/requirements.	2	50	2	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	45	3	45
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends and reporting the financial impact in the budget monitoring.	4	30	4	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals increasing costs through increases in the running costs.	Maximise the use of council facilities/resources for panel session in the first instance.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of UK withdrawal from EU, changes to international trading agreements or business economy. Reduction in demand creates a budget pressure on environmental health budget.	Monitor income and resources required for export health certificates/attestations required to support the export market. Continue with food safety regulation activities associated and support at 3rd country audits. Pursue debt rigorously with key customers through seeking regular payments.	2	130	2	130

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fees reduced by Scottish Government	Scottish Government reducing planning fees due to poor performance by the Planning Authority. Details of national Planning Performance Co-ordinator and Fee Reform still awaited.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Current income levels are looking more positive, however, we are dependent on some high value applications coming in which if don't materialise, will impact the overall position. Will continue to monitor Development Management income and expenditure tightly and investigate further income generation streams.	1	50	1	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	3	50	3	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	10	1	10
Executive Director Kirsty Flanagan	Development and Economic Growth	Airfields and Air Services - usage	The PSO for the existing air service to Coll and Colonsay operating from Connel Airport is due for renewal in October 2023. Possibility that this will create a budget pressure for a new contract to be established to serve the needs of the island communities.	Tenders have been received and are currently at the evaluation process with Procurement. Once this process is complete, a more definitive position will be known.	2	10	2	10
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence. The recent storm damage to Bute Sea Wall is likely to cost in excess of £1m to repair so the value on this risk has been updated for 22-23 in recognition of the potential costs associated with this risk	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Residual Waste H&L and Tiree	There is a potential increase to tipping fees and haulage costs for H&L residual waste. The Council's supplier Barr Environmental (contract to end of 2023) lost a tribunal relating to the underpayment of landfill tax, which may have led to the Council having to source alternatives at a higher cost. Barr appealed the decision which was heard in the Spring and they won the case which should have reduced or eliminated this financial risk. However, the Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in the cost which officers are currently assessing	Officers currently assessing the potential impact on the Council.	4	655		
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	Increased costs are currently being managed but with further increases likely, this is being closely monitored by managers to evaluate the impact.	4	400	3	400
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	365	3	365
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	4	100	3	100
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers.	3	40	3	40
					42	5,745	41	5,090

CAPITAL BUDGET MONITORING REPORT – 31 OCTOBER 2022

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the position of the capital budget as at 31 October 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £15,685k compared to a budget for the year to date of £15,413k giving rise to an overspend for the year to date of £272k (1.76%).
- **Forecast Outturn for 2022-23** – forecast net expenditure for the full financial year is £35,549k compared to an annual budget of £45,971k giving rise to a forecast underspend for the year of 10,422k (22.67%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £180,363k compared to a total budget for all projects of £179,913k giving rise to a forecast overspend for the overall capital plan of £450k (0.25%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 93 projects there are 92 projects (99%) on track, 1 project (1%) off track but recoverable and no projects off track (0%).
- **Service Development** - Out of 41 projects there are 37 projects (90%) on track, 3 projects (7.5%) off track but recoverable and 1 projects (2.5%) off track.
- **Strategic Change** – Out of 26 projects there are 22 projects (85%) on track, 2 projects (7.5%) are off track but recoverable and 2 projects (7.5%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding since the last report is for Kilmory Business Park Phase 2AA from HIE and Rural Community Growth Fund.

1.5 The Council is projecting £1,387k of capital receipts this financial year. To date, no receipts have been received and we are anticipating that we will not receive the full amount budgeted for 2022-23, however, this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. This will be closely monitored throughout the year.

CAPITAL BUDGET MONITORING REPORT – 31 OCTOBER 2022

2.0 INTRODUCTION

- 2.1 This report provides an update on the position of the capital budget as at 31 October 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.
- 2.2 Following the decision at Policy and Resources Committee on 9 December 2021, the Rothesay Pavilion project is on pause whilst potential funding options are being considered. The financial information included within this report therefore excludes amounts relating to Rothesay Pavilion.
- 2.3 A £1m cost pressure was identified during 2021-22 in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this. It was agreed at Environment, Development and Infrastructure Committee on 2 June 2022 that the Chair would approach the Scottish Government with a view to securing additional resources to support the scheme.
- 2.4 Project Managers were asked to identify specific Covid-19 impacts on the capital programme. At the budget meeting on 25 February 2021, the Council agreed to provide £2.5m of funding and following agreement at the Policy and Resources Committee on 14 October 2021, this, plus a further £0.146m, was added to the capital programme.

Furthermore, at the budget meeting on 24 February 2022, an additional £3.9m was set aside for future capital contract increases. This includes up to £1.2m for Campbeltown Flood Scheme, the final costs of which are estimated to be £15.215m. The Scottish Government will fund 80% of scheme costs with the Council expected to contribute an estimated £3.043m.

- 2.5 The impact of the pandemic along with the UK exit from the European Union, the Russian invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.

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

- Rothesay Pavilion – project currently paused due to increased costs as a result of the main contractor being placed into administration in March 2020.

- Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from increased fees and charges).
- Helensburgh Waterfront Development – commercial negotiations are ongoing with the main contractor to determine the financial impact.
- Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from Scottish Government (delay not mentioned as part of Resource Spending Review).
- Other general construction inflationary increases.

3.0 RECOMMENDATIONS

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

4.0 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £15,685k compared to a budget for the year to date of £15,413k giving rise to an overspend for the year to date of £272k (1.76%).

4.2 Project/Department Position

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

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	9,304	9,233	71
Service Development	2,035	2,045	(10)
Strategic Change	4,074	4,407	(333)
Total	15,413	15,685	(272)
Service:			
ICT	620	641	(21)
Education	3,233	3,158	75
Live Argyll	181	167	14
Health & Social Care Partnership	136	146	(10)
Shared Offices	119	75	44
Roads & Infrastructure	6,941	7,040	(99)
Development & Economic Growth	922	868	54
CHORD	3,261	3,590	(329)
Total	15,413	15,685	(272)

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

5.0 FORECAST OUTTURN 2022-23

5.1 Overall Position

Forecast net expenditure for the full financial year is £35,549k compared to an annual budget of £45,971k giving rise to a forecast underspend for the year of £10,422k (22.67%).

5.2 Project/Department Position

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

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance COVID-19 Related £'000	Forecast Variance Non COVID-19 Related £'000	Forecast Variance £'000
Asset Sustainability	25,172	25,172	0	0	0
Service Development	4,627	3,746	0	881	881
Strategic Change	16,172	6,631	0	9,541	9,541
Total	45,971	35,549	0	10,422	10,422
Service:					
ICT	1,299	1,299	0	0	0
Education	6,240	6,252	0	(12)	(12)
Live Argyll	554	567	0	(13)	(13)
Health & Social Care Partnership	570	570	0	0	0
Shared Offices	4,197	4,213	0	(16)	(16)
Roads & Infrastructure	26,632	15,760	0	10,872	10,872
Development & Economic Growth	2,560	2,602	0	(42)	(42)
CHORD	3,919	4,286	0	(367)	(367)
Total	45,971	35,549	0	10,422	10,422

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

6.0 TOTAL PROJECT COSTS

6.1 Overall Position

Forecast total net project costs on the total capital plan are £180,363k compared to a total budget for all projects of £179,913k giving rise to a forecast overspend for the overall capital plan of £450k (0.25%).

6.2 Project/Department Position

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

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance COVID-19 Related £'000	Capital Plan Variance Non COVID-19 Related £'000	Total Capital Plan Variance £'000
Asset Sustainability	52,010	52,010	0	0	0
Service Development	19,248	19,315	0	(67)	(67)
Strategic Change	108,655	109,038	0	(383)	(383)
Total	179,913	180,363	0	(450)	(450)
Service:					
ICT	5,007	4,997	0	10	10
Education	41,976	41,988	0	(12)	(12)
Live Argyll	3,368	3,381	0	(13)	(13)
Health & Social Care Partnership	4,222	4,222	0	0	0
Shared Offices	21,507	21,523	0	(16)	(16)
Roads & Infrastructure	54,711	54,763	0	(52)	(52)
Development & Economic Growth	5,284	5,284	0	0	0
CHORD	43,838	44,205	0	(367)	(367)
Total	179,913	180,363	0	(450)	(450)

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

7.0 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 160 projects within the Capital Plan, 151 are Complete or On Target, 6 are Off Target and Recoverable and 3 are Off Track.

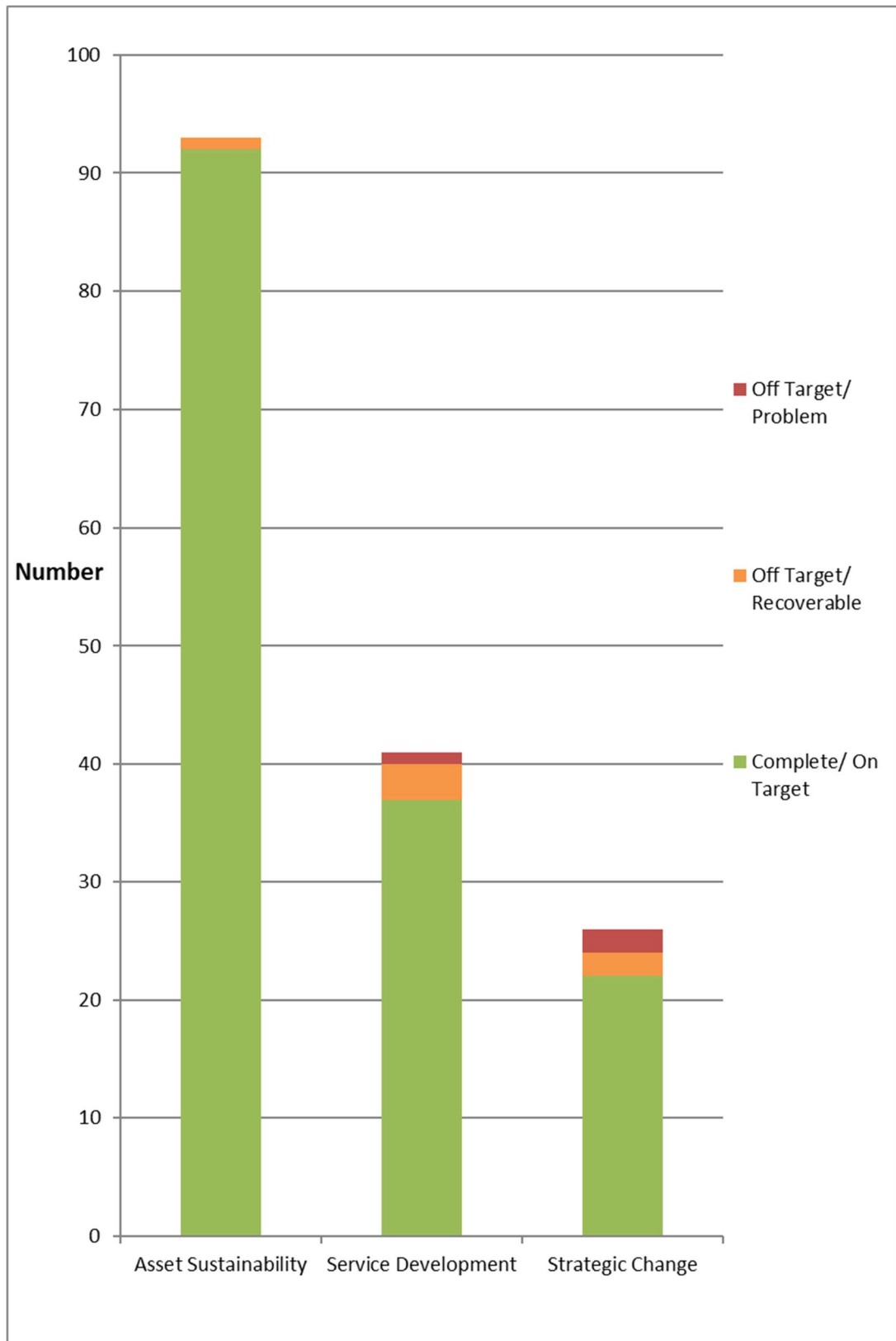
7.2 Project Position

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

Project Type:	Complete / On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	92	1	0	93
Service Development	37	3	1	41
Strategic Change	22	2	2	26
Total	151	6	3	160
Service:				
ICT	7	0	0	7
Education	29	1	0	30
Live Argyll	27	1	0	28
Health & Social Care Partnership	18	1	0	19
Shared Offices	21	0	0	21
Roads & Infrastructure	32	1	2	35
Development & Economic Growth	15	1	0	16
CHORD	2	1	1	4
Total	151	6	3	160

7.3 Chart of Performance Status

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



8.0 OFF TRACK PROJECTS

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

Project Type	Project	What is Off Track?	Explanation
Major Projects	Helensburgh Waterfront Development	Current Year and total project expenditure	Overspend due to multiple global issues as well as delays in connection to mains electricity supply which led to temporary power supplies to maintain the timeliness of the program. Elements relating to COVID-19 currently being projected and will be updated for next update.
Service Development	Fleet Management	Current year expenditure	Supplier shortages has caused expected 22-23 expenditure to slip into 23-24.
Strategic Change	Harbour Investment Program	Current year expenditure	Project tenders fell through for a number of projects in the program which were anticipated to be underway in 22-23. Budget to slip into future years.

9.0 STRATEGIC CHANGE PROJECTS

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

10.0 CHANGES TO CAPITAL PLAN

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

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

Department	Prev. Agreed Changes 2022-23	2022-23	2023-24	2024-25	Future Years	Total Capital Plan
	£'000	£'000	£'000	£'000	£'000	£'000
Asset Sustainability	(497)	0	0	0	0	0
Service Development	127	(958)	958	0	0	0
Strategic Change	(18,941)	(9,924)	(790)	(1,175)	11,889	0
Total	(19,311)	(10,882)	168	(1,175)	11,889	0
Service:						
ICT	(219)	0	0	0	0	0
Education	143	0	0	0	0	0
Live Argyll	(681)	0	0	0	0	0
Health & Social Care Partnership	(1,537)	0	0	0	0	0
Shared Offices		0	0	0	0	0
Roads & Infrastructure	(17,236)	(10,924)	210	(1,175)	11,889	0
Development & Economic Growth	(760)	42	(42)	0	0	0
Major Projects	979	0	0	0	0	0
Total	(19,311)	(10,882)	168	(1,175)	11,889	0

11.0 FUNDING

- 11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding since the last report is for Kilmory Business Park Phase 2AA from HIE and Rural Community Growth Fund.
- 11.2 The Council is projecting £1,387k of capital receipts this financial year. To date, no receipts have been received and we are anticipating that we will not receive the full amount budgeted for 2022-23, however, this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. This will be closely monitored throughout the year.

12.0 IMPLICATIONS

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

Kirsty Flanagan
Executive Director / Section 95 Officer
7 Novemeber 2022

Policy Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

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

APPENDICES

- **Appendix 1** – Year To Date finance variance explanations
- **Appendix 2** – Forecast Outturn variance explanations
- **Appendix 3** – Total Project finance variance explanations
- **Appendix 4** – Changes to Capital Plan and Financial Impact
- **Appendix 5** – Capital Funding
- **Appendix 6** - Off Track project variance reports
- **Appendix 7** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 8** - Financial Summary – Overall
 - Financial Summary – Executive Director Kirsty Flanagan
 - Financial Summary – Executive Director Douglas Hendry
- **Appendix 9** - Updated/Revised Capital Plan

APPENDIX 1 – Year to Date Financial Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
Helensburgh Waterfront Development	2,895	3,255	(360)	Overspend on project, details provided in Variance report.
Other variances under £50k			88	Total value of non-material variances less than +/-£50k
Total			(272)	

APPENDIX 2 – Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Harbour Investment Program	15,550	5,626	0	9,924	9,924	Tenders for projects have fallen through and lead to a delay in project progress in 22-23. Slipped into 23-24
Fleet Management	2,187	1,187	0	1,000	1,000	Supplier shortages have caused delays to when purchases can be fulfilled. Slipped into 23-24
Helensburgh Waterfront Development	2,895	3,262	0	(367)	(367)	Overspend on project, details provided in Variance Report
Other variances under £50k			0	135	135	Total value of non-material variances less than +/- £50k.
Total			0	10,422	10,422	

APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Helensburgh Waterfront Development	22,924	22,557	0	(367)	(367)	Overspend on project, details provided in Variance Report
Other variances under £50k				(83)	(83)	Total value of non-material variances less than +/- £50k. Project Managers are working to reduce these small individual overspends by identifying underspends elsewhere within the capital plan.
Total				(450)	(450)	

APPENDIX 4 – Changes to Capital Plan and Financial Impact

OVERALL COST CHANGES

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

SLIPPAGES AND ACCELERATIONS

Project	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	2022-23 Slippage Related to COVID-19 £'000	2022-23 Slippage Related to Non COVID- 19 £'000	Total 2022-23 £'000	Recommendation	Explanation
Fleet Management	(1,000)	1,000	0	0	0	(1,000)	(1,000)	Slip budget into future years.	Supplier lead times causing delays. Expenditure has slipped from 2022-23 into 2023-24
Harbour Investment Program	(9,924)	(790)	(1,175)	11,889	0	(9,924)	(9,924)	Slip budget into future years.	Project timescale delays due to tenders falling through. Expenditure has slipped from 2022-23 into 2023-24
Ardrishaig North Active Travel	42	(42)	0	0	0	42	(42)	Accelerate budget from future years.	Project forecasted expenditure ahead of initial schedule. Budget accelerated from 23-24 into 22-23.
Total Slippages and Accelerations	(10,822)	168	(1,175)	11,889	0	(10,822)	(10,822)		
Net Impact of Changes	(10,822)	168	(1,175)	11,889	0	(10,822)	(10,822)		

CAPITAL PROGRAMME FUNDING

	2022-23					2023-24					2024-25				
	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	9,569	0	0	0	9,569	9,569	0	0	157	9,726	9,569	0	0	235	9,804
Transfer to Revenue for Private Sector Housing Grant (PSHG)	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033
Capital Receipts	1,387	0	0	0	1,387	1,095	0	0	0	1,095	0	0	0	0	0
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	4,656	2,722	0	268	7,646	0	5,728	0	0	5,728	0	0	0	0	0
Restricted Funding	1,486	609	-210	2,693	4,578	1,150	0	210	0	1,360	0	0	0	0	0
Funded by Reserves	3,145	4,388	-1,256	1,289	7,566	36	172	-75	0	133	0	0	1,331	0	1,331
Additional Funding from Revenue	0	0	0	12	12	0	0	0	25	25	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	31,180	2,484	-28,038	0	5,626	16,900	0	5,335	0	22,235	31,600	0	-4,575	0	27,025
Prudential Borrowing	15,528	3,352	-3,845	25	15,060	5,006	-1,429	3,845	-25	7,397	27	0	0	0	27
Loans Fund Review	0	4,025	0	0	4,025	0	0	0	0	0	0	0	0	0	0
COVID Funding	1,640	2,167	0	0	3,807	0	0	0	0	0	0	0	0	0	0
Total	67,713	19,747	-33,349	4,287	58,398	32,878	4,471	9,315	157	46,821	40,318	0	-3,244	235	37,309

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2022-23	2023-24	Source	Reported
C'town Museum LA income	40		Live Argyll	Jun-22
H&L/Rosneath Cycleways	140		SPT	Jun-22
Nature Restoration Fund	238		Scottish Government	Jun-22
Rothesay Pontoons	315		Grant Funding	Jun-22
Ardrishaig North	280		Grant Funding	Jun-22
Lismore Ferry	7		External Income	Jun-22
Lochgilphead PS Demolition	11		Reserves	Jun-22
Fleet Management	499		Reserves	Jul-22
Roads Reconstruction	958		STTS	Jul-22
Gartrecfk Landfill	640		Reserves	Aug-22
Lochgilphead Primary School Demolition	143		Reserves	Sep-22
Lochgilphead Depot	37		Revenue Funding	Oct-22
Kilmory Business Park	979		Grant Funding	Oct-22
Total	4,287	0		

OFF TRACK PROJECT

Appendix 6

Project Name: Harbour Investment Programme

Project Manager: Scott Reid

Risk: Low

Initial Start Date: 2017

Proposed End Date: -

How was this project initially funded? Prudential Borrowing

Please detail any additional funding. n/a

Previously Reported Committee and Date: Harbour Board

Next Reported Committee and Date: n/a

Why is the project classified as off target?

Expenditure for 2022-23 has slipped into future years.

What has caused the issue outlined above?

Various individual project changes/delays, as per below.

Campbeltown 'Wall A': Reassessment of business plan outlook and scope of project.

The original Asset Management Plan contained £1.0+m of Capital dredging to form a deep vessel channel to the wall replacement although it is not clear if the port would benefit more from larger vessels. Design team are working on a possible alternative for comparison which includes a drying out location for fishing and smaller vessels to make repairs etc.

Update:

Argyll & Bute Council Infrastructure Design team are presently working on the revised plans.

Craignure: Extension to initial phase OBC and consultation.

The STAG for this project produced a preferred option which received a very negative response from residents of Craignure who were concerned about the scale and location of the proposed option within Craignure. In order to forestall any future planning objections the planning scope has been looking at alternative locations closer to the existing infrastructure and assessing with CMAL and CFL as to likely disruptions to services during works. Also the Harbour Board made an official request to Transport Scotland for a limited vessel size to operate on the route so that the existing road network infrastructure would not be overwhelmed by a larger vessel discharging capacity numbers of vehicles at peak times. This gave the project some scope to readdress and reduce the size of the required terminal infrastructure at Craignure. The public and contentious nature of the debate has required consideration to ensure Argyll & Bute Council has the correct option with the maximum chance for agreement across the communities and stakeholders.

Update:

Consultation meeting with all of the stakeholders is presently being arranged by the Policy Lead / Harbour Board Chair.

Craignure PAS: Consultancy and changes to planning scope.

The existing Passenger Access System (PAS) at Craignure was out of service in February 2021 due to safety concerns and while the necessary risk assessments and modifications were completed. CMAL has been clear that the PAS is now close to the end of its operational lifespan and that the modifications are merely a stay regarding decommissioning. Royal Haskoning has been engaged by Argyll & Bute Council to develop tender documentation and design specs for a compliant replacement PAS at the existing terminal location. CFL / CalMac provided an extensive list of potential in scope vessels which

included short, long term and contingency options which means estimates for the cost of a replacement Passenger Access System are significant. The equipment should therefore be incorporated into the long term plans for the terminal to justify and spread the cost over the longer period.

Update:

Original design engineer had left the post this year and the replacement recently appointed. Consultants are finalising tender documentation after reviewing the design with the aim of maximising options as to the potential future use of the PAS when the Long-Term Option for Craignure has been completed.

Dunoon & Kilcreggan: Pause to larger programme of works from Transport Scotland / CMAL. Extension to pre-consultation period and elections.

Transport Scotland is still working on delivery of the Islands Connectivity Plan and the Needs Based Assessment which are necessary for the funding of vital aspects of this project. The Dunoon and Kilcreggan OBC is one part of three work streams along with 'Gourock Infrastructure' and 'Replacement Vessels' both of which require funding approval dependant on the delivery of the Transport Scotland reports.

Also and parallel to this during the earlier part of the year, the upcoming local elections gave good reason to pause on our own consultation until new Members were available to sit on the various Reference Groups and take part in the very emotive discussions around these projects.

Update:

The Transport Scotland work is expected in the New Year, however the vessel and Gourock works have been given approval to proceed. Ground Investigation works are now progressing in Gourock and the vessel design is expected to be finalised by the end of the year, with IDM Stage 2 approval (OBC) / Ministerial approval in February 2023.

The press release to announce our own consultation period for Dunoon is with Policy Lead for approval following which the consultation will commence on line.

The consultation content for Kilcreggan is in final draft and will be with Exec' Officers for sighting and approval very soon. The consultation for Kilcreggan will open shortly afterwards and in the meantime Officers and consultants will meet with the newly formed Kilcreggan Community Council to discuss options.

Tender documentation is currently being prepared for our own Ground Investigations at both Dunoon and Kilcreggan locations.

Iona & Fionnphort: Planning and licencing due to EIA findings and revision of design specifications.

Environmental Impact Assessment (EIA) was expected in October 2021 but was delayed by lack of response by Marine Scotland and an unexpected discovery of (protected) sea grass within the proposed breakwater's location.

Update:

Infrastructure Design are continuing designs and detailed drawings for the overnight berthing options at Fionnphort, with works anticipated to commence subject to planning and Marine Scotland approval. Possible in scope vessel design information with electrical charging and crew access requirements from CMAL / CFL have aided in the design process.

Progress to date includes:

1. Contact Marine Scotland (including EIA)
2. Receive comments from Marine Scotland on methodology and plans

Ongoing actions:

3. Mitigate and confirm points with Marine Scotland on plans & outline methodology
4. Final approval from Marine Scotland (on plans)

The Sea Grass issue, which was raised previously was not mentioned in the recent responses from Marine Scotland.

Next steps:

There are 4 x licenses to apply for (early next year is estimated)

2 x Crown Estates Scotland – 1 for Temporary moorings for barges etc. and 1 for the permanent structures.

2 x Marine Scotland – 1 for construction and 1 for dredging.

At the same time as we are waiting for the licences to be processed, we will be preparing the tender documentation for the works.

The same process will count for Fionnphort but will lag behind somewhat because of the more complex design and works required for the overnight berth and safe crew access.

For that reason we will take both parts of the project separately to ensure that Iona is not delayed further.

Port Askaig: Revision of planning due to land acquisition issues.

The Islay Project Coordination Group has been established with Argyll and Bute Council, Transport Scotland, CFL / CalMac and CMAL to coordinate projects with planned works at Port Ellen, vessel requirements and enabling works.

Update:

A new area adjacent to the approach road has been investigated, however due to landowner rejecting the sale of land and excessive letting cost, further plans will be now be developed with the aim of Port Askaig being ready for the new Islay vessel's arrival.

Rothesay Harbour: Piling and Grouting tender failure – revision of methodology and work scope.

Following a review of design and construction methods by AECOM, re-tendering for these phase two works was issued in September 2021 without success. A further review is currently underway to determine the best way forward to ensure the works can take place safely and efficiently with minimal disruption to the CFL / CalMac ferry service.

Update:

Revised methodology and scope of works is in the final stages. Preparation of tender for works will follow.

What action will be taken to rectify this issue?

Delayed projects will proceed with the revised schedule.

What are the implications of the action proposed?

Projects will be fulfilled future financials years.

OFF TRACK PROJECT

Appendix 6

Project Name: Helensburgh Waterfront Development	Project Manager: Andrew Collins	Risk: Med
Initial Start Date: Construction Phase commenced 31 August 2020	Proposed End Date: Practical Completion of Section 2 of the Construction Phase is on programme for 6 February 2023	
How was this project initially funded? Prudential Borrowing - £16.255 million S75 Funding - £0.195 million Capital Receipt (Retail Development) - £1.000 million	Please detail any additional funding: UKG LIBOR Funding - £5.000 million SportScotland - £0.100 million Place Based Investment - £0.163 million Live Argyll (FF&E) - £0.344 million	
Previously Reported Committee and Date: Helensburgh & Lomond Area Committee – 20 September 2022	Next Reported Committee and Date: TBC – subject to conclusion of commercial claim negotiations as between Contractor and Employer	
Why is the project classified as off target? Reporting an overspend against approved budget of £0.367M.		
What has caused the issue outlined above? A combination of factors including: delays in achieving permanent connection to mains electrical supply, which required the provision of temporary power supplies and heating to maintain overall contract programme; conformance by the Contractor with the Scottish Government COVID Regulations pertaining to construction sites; impact of a number of external international/global factors e.g. COVID-19, BREXIT, Russian Invasion of Ukraine on the availability and cost of essential construction sector materials, resources, plant and equipment.		
What action will be taken to rectify this issue? We are currently awaiting the formal assessment of the Contractors contractual claim by our appointed Cost Consultants, which will enable us to undertake and conclude the commercial negotiations with them as to the final contract sum. Additionally we are assessing all commercial/legal options to address issues of underperformance on the delivery of services etc., and which have had a detrimental impact upon the project costs e.g. the delay in achieving the permanent connection to the mains electrical supply		

What are the implications of the action proposed?

We have previously reported to Committees of the Council that, whilst the value of the Construction Contract, at Award Stage was £19,971,918.51, given the global health pandemic and other economic impacts which have emerged since the Contract Award, the Anticipated Final Cost for the Contract and therefore the project was likely to increase. We are working with the Contractor, Heron Bros Ltd, to ensure that any claims for Extensions of Time, and/or Loss and Expense, are properly and fully substantiated and assessed in accordance with the requirements of the Contract. This work stream is on-going and its' outcome will be reported to the relevant committees of the Council in due course. It is therefore likely that we may require to secure additional budget support, and which could include funds from the COVID specific additional funding that the Council has been in receipt of.

OFF TRACK PROJECT

Appendix 6

Project Name: Fleet Management**Project Manager:** John Blake**Risk:** Low**Initial Start Date:** 2018-19**Proposed End Date:** 2023-24**How was this project initially funded?** Prudential Borrowing**Please detail any additional funding.****Previously Reported Committee and Date:** n/a**Next Reported Committee and Date:** n/a**Why is the project classified as off target?**

Underspend in 2022-23 resulting in budget being slipped to 2023-24.

What has caused the issue outlined above?

Supplier shortages in vehicles has resulted in delays in receiving orders resulting in delays in incurring expenditure.

What action will be taken to rectify this issue?

Vehicles on order, awaiting delivery. Expenditure will be incurred once vehicles are received.

What are the implications of the action proposed?

Budget slipped from 2022-23 to 2023-24.

Strategic Change Projects	Capital Expenditure				Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation
Harbour Investment Programme	1,802	5,626	91,292	91,292	01/04/2017	31/03/2028	Red	Budget slipped into future years.
Helensburgh Waterfront Development	1,387	3,262	22,924	22,557	01/04/2017	31/03/2024	Red	Current overspend being investigated by Project Manager with Contractor.
CHORD Oban	7,129	651	7,905	7,905	27/10/2016	31/03/2022	Amber	Issues with contract close out impacting on timescales.
TIF - Halfway House Roundabout	0	47	640	640	tbc	tbc	Amber	Scope of project still to be determined - budget to be reprofiled.
Campbeltown Flood Scheme	181	9,098	15,215	15,215	01/08/2016	31/03/2023	Green	
Dunoon Primary	7,170	304	10,869	10,869	18/12/2014	30/04/2020	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Kirn Primary School	9,878	99	10,119	10,119	24/04/2014	31/10/2017	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,496	136	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Street Lighting LED Replacement	2,700	791	3,900	3,900	01/08/2016	31/12/2022	Green	Tender for final package of works still to be awarded.
Helensburgh Office Rationalisation	11,500	310	11,838	11,838	25/04/2013	31/12/2022	Green	Project subject to legal dispute.
CHORD Dunoon	12,238	55	12,522	12,522	03/02/2012	09/03/2018	Green	Main contract complete and retentions paid. Landscaping and remediation works ongoing but issues with water ingress may require works in 22-23.
Kilmory Business Park Phase 2AA	0	1,120	1,129	1,129	01/02/2022	01/09/2023	Green	Development Agreement still to be concluded.
Carbon Management Business Cases	201	60	261	261	01/02/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management - Group Heating Conversion Project	1,938	10	1,948	1,948	01/02/2016	31/12/2022	Green	Complete.
Carbon Management - Non Education	14	21	50	50	01/04/2015	31/12/2022	Green	Projects being determined.
NPDO Schools Solar PV Panel Installations	761	183	944	944	26/06/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	88	488	488	20/03/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	20	39	39	01/02/2016	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	5	187	187	01/02/2012	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Dunoon Pier OBC	2,844	0	2,844	2,844	03/02/2012	26/02/2016	Green	Project complete.
Campbeltown Office Rationalisation	595	1	596	596	01/02/2015	31/03/2019	Green	Complete.
TIF - Oban Airport Business Park	447	101	590	590	22/01/2015	31/12/2022	Green	
Campbeltown Schools Redevelopment	1,649	76	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,483	28	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project originally proposed for 21-22 now slipped into 22-23.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Complete.
TIF - Lorn/Kirk Road	1,959	1	2,170	2,170	22/01/2015	31/03/2021	Green	Complete.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Complete.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Complete.
Strategic Change Total	75,250	22,093	211,684	211,317				

Project Risk Classifications:

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

Amber - Risks are increasing but are still manageable.

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

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

Appendix 8
31 October 2022

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Executive Director Douglas Hendry	2,411	2,291	120	7,955	7,955	0	19,175	19,175	0
Executive Director Kirsty Flanagan	6,893	6,942	(49)	19,607	19,607	0	35,225	35,225	0
Asset Sustainability Total	9,304	9,233	71	27,562	27,562	0	54,400	54,400	0
Service Development Projects									
Executive Director Douglas Hendry	792	823	(31)	1,242	1,267	(25)	15,144	15,169	(25)
Executive Director Kirsty Flanagan	1,312	1,329	(17)	7,431	6,525	906	33,010	33,052	(42)
Service Development Total	2,104	2,152	(48)	8,673	7,792	881	48,154	48,221	(67)
Strategic Change Projects									
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0
Replacement of Oban High	96	100	(4)	136	136	0	3,250	3,250	0
Kirn Primary School	65	65	0	99	99	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	10	10	0	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	10	10	0	310	310	0	11,838	11,838	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0
Campbeltown Flood Scheme	260	260	0	9,098	9,098	0	15,215	15,215	0
Street Lighting LED Replacement	87	87	0	791	791	0	3,900	3,900	0
Harbour Investment Programme	241	241	0	15,550	5,626	9,924	91,292	91,292	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	47	47	0	640	640	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	4	7	(3)	55	55	0	12,522	12,522	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0
Helensburgh Waterfront Development	2,895	3,255	(360)	2,895	3,262	(367)	22,557	22,924	(367)
HWD - FFE (Funded by LA)	344	305	39	344	344	0	350	350	0
Kilmory Business Park Phase 2AA	18	18	0	1,120	1,120	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	4,315	4,643	(328)	33,045	23,504	9,541	212,896	213,279	(383)
Total Expenditure	15,723	16,028	(305)	69,280	58,858	10,422	315,450	315,900	(450)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	0	0	0	0	0	0
Executive Director Kirsty Flanagan	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0
Asset Sustainability Total	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0
Service Development Projects									
Executive Director Douglas Hendry	0	(38)	38	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	(69)	(69)	0	(4,046)	(4,046)	0	(21,135)	(21,135)	0
Service Development Total	(69)	(107)	38	(4,046)	(4,046)	0	(28,906)	(28,906)	0
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(241)	(241)	0	(15,550)	(15,550)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	(149)	(149)	0	(2,167)	(2,167)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0
HWD - FFE (Funded by LA)	0	5	(5)	0	0	0	(350)	(350)	0
Kilmory Business Park Phase 2AA	0	0	0	(979)	(979)	0	(979)	(979)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	(241)	(236)	(5)	(16,873)	(16,873)	0	(104,241)	(104,241)	0
Total Income	(310)	(343)	33	(23,309)	(23,309)	0	(135,537)	(135,537)	0
Net Total	15,413	15,685	(272)	45,971	35,549	10,422	179,913	180,363	(450)

MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										31 October 2022
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			(Over)/Under £000s
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	Year End £000s	
EXPENDITURE										
Asset Sustainability Projects										
Flood Prevention	6	4	2	474	474	0	1,084	1,084	0	0
Coastal Protection	0	0	0	20	20	0	200	200	0	0
Coastal Change Adaptation	0	0	0	159	159	0	159	159	0	0
Bute Sea Wall Repairs	49	49	0	750	750	0	750	750	0	0
Helensburgh Flood Mitigation	0	0	0	432	432	0	432	432	0	0
Bridge Strengthening	107	132	(25)	1,349	1,349	0	2,049	2,049	0	0
Local Bridge Maintenance Fund	66	66	0	1,237	1,237	0	5,447	5,447	0	0
Roads Reconstruction	5,155	5,155	0	9,433	9,433	0	16,294	16,294	0	0
Roads Reconstruction - Helensburgh CHORD	0	0	0	47	47	0	47	47	0	0
Roads Reconstruction - Oban CHORD	0	0	0	3	3	0	3	3	0	0
Helensburgh CHORD - Signage etc	0	0	0	10	10	0	10	10	0	0
Lighting	0	0	0	740	740	0	1,040	1,040	0	0
Environmental Projects	0	0	0	734	734	0	934	934	0	0
Play Park Refurbishment	0	0	0	155	155	0	938	938	0	0
Public Convenience Upgrades	0	0	0	82	82	0	82	82	0	0
Footway Improvements	147	147	0	269	269	0	269	269	0	0
Glengorm - Capping	0	0	0	82	82	0	82	82	0	0
Glengorm - Cell and Transfer Station (PB)	840	840	0	1,200	1,200	0	1,200	1,200	0	0
EV Quick Chargers	0	0	0	93	93	0	93	93	0	0
Tobermory Car Park	56	64	(8)	951	951	0	951	951	0	0
Active Travel	0	0	0	500	500	0	500	500	0	0
Bin Replacement Programme	0	0	0	100	100	0	100	100	0	0
Server Sustainability	4	4	0	187	187	0	251	251	0	0
PC Replacement	461	463	(2)	522	522	0	522	522	0	0
Telecomms Network	2	18	(16)	78	78	0	98	98	0	0
Block Allocation - ICT	0	0	0	0	0	0	1,690	1,690	0	0
Asset Sustainability Total	6,893	6,942	(49)	19,607	19,607	0	35,225	35,225	0	0
Service Development Projects										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	0
Campbeltown Old Quay	0	0	0	43	43	0	1,424	1,424	0	0
Fleet Management - Prudential Borrowing	0	0	0	2,187	1,187	1,000	4,861	4,861	0	0
Fleet Management	174	174	0	499	499	0	3,358	3,358	0	0
Lismore Ferry	13	19	(6)	13	19	6	666	672	(6)	0
Oban Depot Development Project	0	62	(62)	17	62	(45)	2,117	2,162	(45)	0
Lochgilhead Depot Rationalisation	0	0	0	8	8	0	37	37	0	0
Jackson's Quarry Refurbishment	0	0	0	0	0	0	285	285	0	0
Witchburn Road Demolition	0	0	0	(1)	0	(1)	157	158	(1)	0
Safe Streets, Walking and Cycling (CWSS)	0	0	0	544	544	0	2,878	2,878	0	0
SPT - bus infrastructure	0	0	0	0	0	0	1,405	1,405	0	0
Cycleways - H&L (FSPT)	0	0	0	240	240	0	3,112	3,112	0	0
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	51	51	0	53	53	0	0
Town Centre Funds	578	578	0	1,054	1,054	0	3,876	3,876	0	0
Dunoon Cycle Bothy	212	166	46	266	266	0	279	279	0	0
Dunoon STEM Hub	11	11	0	603	603	0	608	608	0	0
Ardrishaig North Active Travel	161	150	11	670	712	(42)	880	880	0	0
Nature Restoration Fund	0	0	0	346	346	0	346	346	0	0
Gibraltar Street Public Realm Improvements	9	13	(4)	248	248	0	250	250	0	0
Hermitage Park	0	0	0	69	69	0	3,314	3,314	0	0
West Coast UAV Innovation Logistics and Training Hub	0	0	0	0	0	0	0	0	0	0
Applications Projects	153	156	(3)	558	558	0	2,883	2,873	10	0
Service Development Total	1,312	1,329	(17)	7,431	6,525	906	33,010	33,052	(42)	0
Strategic Change Projects										
Campbeltown Flood Scheme	260	260	0	9,098	9,098	0	15,215	15,215	0	0
Street Lighting LED Replacement	87	87	0	791	791	0	3,900	3,900	0	0
Harbour Investment Programme	241	241	0	15,550	5,626	9,924	91,292	91,292	0	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0	0
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0	0
TIF - Halfway House Roundabout	0	0	0	47	47	0	640	640	0	0
Strategic Change Total	588	588	0	25,588	15,664	9,924	114,021	114,021	0	0
Total Expenditure	8,793	8,859	(66)	52,626	41,796	10,830	182,256	182,298	(42)	0
INCOME										
Asset Sustainability										
EV Quick Chargers	0	0	0	(97)	(97)	0	(97)	(97)	0	0
Glengorm Capping/New Cell - Prudential Borrowing	0	0	0	(560)	(560)	0	(560)	(560)	0	0
Tobermory Car Park	0	0	0	(775)	(775)	0	(775)	(775)	0	0
Asset Sustainability Total	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0	0
Service Development Projects										
Applications Projects	0	0	0	(46)	(46)	0	(437)	(437)	0	0
Safe Streets, Walking and Cycling	0	0	0	(550)	(550)	0	(2,483)	(2,483)	0	0
SPIT	0	0	0	0	0	0	(1,243)	(1,243)	0	0
Cycleways - H&L (FSPT)	0	0	0	(240)	(240)	0	(3,212)	(3,212)	0	0
Town Centre Funds	0	0	0	(382)	(382)	0	(1,794)	(1,794)	0	0
Dunoon STEM Hub	0	0	0	(100)	(100)	0	(608)	(608)	0	0
Ardrishaig North Active Travel	(50)	(50)	0	(50)	(50)	0	(50)	(50)	0	0
Dunoon Cycle Bothy	0	0	0	(209)	(209)	0	(279)	(279)	0	0
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0	0
Hermitage Park	0	0	0	0	0	0	(3,245)	(3,245)	0	0
Fleet Management - PB	0	0	0	(2,187)	(2,187)	0	(4,861)	(4,861)	0	0
Fleet Management	(8)	(8)	0	0	0	0	0	0	0	0
Lochgilhead Depot Rationalisation	0	0	0	(1)	(1)	0	(1)	(1)	0	0
Millpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0	0
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0	0
Oban Depot - Appin Depot Sale	0	0	0	(150)	(150)	0	(150)	(150)	0	0
Lismore Ferry	(11)	(11)	0	(131)	(131)	0	(631)	(631)	0	0
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0	0
Service Development Total	(69)	(69)	0	(4,046)	(4,046)	0	(21,135)	(21,135)	0	0
Strategic Change Projects										
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0	0
Harbour PB	(241)	(241)	0	(15,550)	(15,550)	0	(91,292)	(91,292)	0	0
01 TIF - Lorn/Kirk Road	0	0	0	(149)	(149)	0	(2,167)	(2,167)	0	0
Strategic Change Total	(241)	(241)	0	(15,699)	(15,699)	0	(93,729)	(93,729)	0	0
Total Income	(310)	(310)	0	(22,135)	(22,135)	0	(117,254)	(117,254)	0	0
Net Departmental Total	8,483	8,549	(66)	30,491	19,661	10,830	65,002	65,044	(42)	0

MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY										31 October 2022
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	
EXPENDITURE										
Asset Sustainability										
Education	1,985	1,913	72	4,424	4,424	0	10,904	10,904	0	0
Live Argyll	181	167	14	546	546	0	2,086	2,086	0	0
Health and Social Care Partnership	136	146	(10)	516	516	0	2,922	2,922	0	0
Shared Offices	109	65	44	2,469	2,469	0	3,263	3,263	0	0
Asset Sustainability Total	2,411	2,291	120	7,955	7,955	0	19,175	19,175	0	0
Service Development Projects										
Ardershaig Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0	0
Clyde Cottage - 600 hour provision	0	0	0	23	23	0	579	579	0	0
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0	0
Islay High and Rosneath Primary School Pitches	0	0	0	(12)	0	(12)	707	719	(12)	0
Lochgailhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0	0
Early Learning and Childcare - 1140 Hours	789	820	(31)	1,036	1,036	0	7,751	7,751	0	0
CO2 Monitoring - Covid Mitigation in Schools	3	3	0	116	116	0	192	192	0	0
Early Learning and Childcare - 1140 Hours - CFCR	0	0	0	0	0	0	111	111	0	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0	38	38	0	0
Riverside Leisure Centre Refurbishment	0	0	0	(13)	0	(13)	1,232	1,245	(13)	0
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0	0
Service Development Total	792	823	(31)	1,242	1,267	(25)	15,144	15,169	(25)	0
Strategic Change Projects										
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0	0
Replacement of Oban High	96	100	(4)	136	136	0	3,250	3,250	0	0
Kirn Primary School	65	65	0	99	99	0	10,119	10,119	0	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0	0
Carbon Management - Group Heating Conversion Project	0	0	0	10	10	0	1,948	1,948	0	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0	0
Helensburgh Office Rationalisation	10	10	0	310	310	0	11,838	11,838	0	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)	0
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0	0
CHORD Dunoon	4	7	(3)	55	55	0	12,522	12,522	0	0
Helensburgh Waterfront Deveopment	2,895	3,255	(360)	2,895	3,262	(367)	22,557	22,924	(367)	0
HWD - FFE (Funded by LA)	344	305	39	344	344	0	350	350	0	0
Kilmory Business Park Phase 2AA	18	18	0	1,120	1,120	0	1,129	1,129	0	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0	0
Strategic Change Total	3,727	4,055	(328)	7,457	7,840	(383)	98,875	99,258	(383)	0
Total Expenditure	6,930	7,169	(239)	16,654	17,062	(408)	133,194	133,602	(408)	0
INCOME										
Asset Sustainability										
Education	0	0	0	0	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	0	0	0	0	0	0	0	0	0	0
Service Development Projects										
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0	0
CO2 Monitoring - Covid Mitigation in Schools	0	(38)	38	0	0	0	0	0	0	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0	0
Service Development Total	0	(38)	38	0	0	0	(7,771)	(7,771)	0	0
Strategic Change										
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0	0
HWD - FFE (Funded by LA)	0	5	(5)	0	0	0	(350)	(350)	0	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0	0
Kilmory Business Park Phase 2AA	0	0	0	(979)	(979)	0	(979)	(979)	0	0
Strategic Change Total	0	5	(5)	(1,174)	(1,174)	0	(10,512)	(10,512)	0	0
Total Income	0	(33)	33	(1,174)	(1,174)	0	(18,283)	(18,283)	0	0
Net Departmental Total	6,930	7,136	(206)	15,480	15,888	(408)	114,911	115,319	(408)	0

CAPITAL PLAN 2022-23
Overall Summary

APPENDIX 9

Service	Previous Years £000's	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
Education	36,575	6,240	4,843	2,226	0	0	49,884
Shared Offices	16,687	4,197	544	428	0	0	21,856
ICT	2,126	1,345	1,202	771	0	0	5,444
RIS	21,002	36,117	35,959	33,028	30,091	0	156,197
DEG	15,435	4,282	898	0	0	0	20,615
HSCP	1,246	570	1,978	428	0	0	4,222
Live Argyll	1,274	554	1,112	428	0	0	3,368
CHORD	48,486	5,093	285	0	0	0	53,864
Overall Total	142,831	58,398	46,821	37,309	30,091	0	315,450

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			£000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Education	Asbestos Control/Removal Works	0	7	0	0	0	0	7
		Block Allocation - Education	0	12	4,231	2,226	0	0	6,469
		Digital Inclusion 20-21	0	9	0	0	0	0	9
		Free School Meals	0	14	0	0	0	0	14
		Homeless Houses - Housing Quality Standard	0	1	0	0	0	0	1
		Internal Refurbishment Budget	0	7	0	0	0	0	7
		Lochgilphead Primary School Demolition	0	150	0	0	0	0	150
		Pre-5's/Nurseries	0	1	0	0	0	0	1
		Primary Schools	0	3,354	23	0	0	0	3,377
		School Houses - Housing Quality Standard	0	26	0	0	0	0	26
Secondary Schools	0	843	0	0	0	0	843		
Asset Sustainability Total			0	4,424	4,254	2,226	0	0	10,904
Service Development	Education	Ardrihaig Primar School - Pre Five Extension	2	0	0	0	0	0	2
		Bowmore Primary School - Gaelic Medium Grant	0	38	0	0	0	0	38
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	0	149
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	0	120
		Clyde Cottage - 600 hours provision	556	23	0	0	0	0	579
		CO2 Monitoring - Covid Mitigation in Schools	76	116	0	0	0	0	192
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	0	400
		Early Learning and Childcare	850	0	0	0	0	0	850
		Early Learning and Childcare - 1140 Hours	6,696	1,036	19	0	0	0	7,751
		Early Learning and Childcare - 1140 Hours - CFCR	111	0	0	0	0	0	111
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	0	490
		Islay High & Rosneath PS Pitches	719	-12	0	0	0	0	707
		Lochgailhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	0	391
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	0	341
		Sandbank Gaelic Pre Five Unit	491	0	0	0	0	0	491
Service Development Total			11,392	1,201	19	0	0	0	12,612
Strategic Change	Education	Campbeltown Schools Redevelopment	2,054	76	0	0	0	0	2,130
		Dunoon Primary School	10,365	304	200	0	0	0	10,869
		Kirn Primary School	10,020	99	0	0	0	0	10,119
		Replacement of Oban High School	2,744	136	370	0	0	0	3,250
Strategic Change Total			25,183	615	570	0	0	0	26,368
Overall Total			36,575	6,240	4,843	2,226	0	0	49,884

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

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,467	55	0	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,529	28	0	0	0	0	6,557
		CHORD - Oban	7,254	651	0	0	0	0	7,905
		Helensburgh Waterfront Development	19,377	2,895	285	0	0	0	22,557
		HWD - FFE	6	344	0	0	0	0	350
		Kilmory Business Park Phase 2AA	9	1,120	0	0	0	0	1,129
		OBC for Dunoon Pier	2,844	0	0	0	0	0	2,844
Strategic Change Total			48,486	5,093	285	0	0	0	53,864
Overall Total			48,486	5,093	285	0	0	0	53,864

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	919	771	0	0	1,690
		PC Replacement	0	522	0	0	0	0	522
		Server Sustainability	0	187	64	0	0	0	251
		Telecomms Network	0	78	20	0	0	0	98
Asset Sustainability Total		0	787	1,003	771	0	0	2,561	
Service Development	ICT	Applications Projects	2,126	558	199	0	0	0	2,883
Service Development Total			2,126	558	199	0	0	0	2,883
Overall Total			2,126	1,345	1,202	771	0	0	5,444

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	RIS	Bin Replacement Programme	0	100	0	0	0	0	100
		Bridge Strengthening	0	1,349	350	350	0	0	2,049
		Bute Sea Wall Repairs	0	750	0	0	0	0	750
		Coastal Change Adaptation	0	159	0	0	0	0	159
		Coastal Protection	0	20	80	100	0	0	200
		Environmental Projects	0	734	100	100	0	0	934
		EV Quick Chargers	0	93	0	0	0	0	93
		Flood Prevention	0	474	305	305	0	0	1,084
		Footway Improvements	0	269	0	0	0	0	269
		Glengorm - Capping	0	82	0	0	0	0	82
		Glengorm - Cell and Transfer Station (PB)	0	1,200	0	0	0	0	1,200
		Helensburgh CHORD - Signage etc	0	10	0	0	0	0	10
		Helensburgh Flood Mitigation	0	432	0	0	0	0	432
		Investment in Active Travel	0	500	0	0	0	0	500
		Lighting	0	740	150	150	0	0	1,040
		Local Bridge Maintenance Fund	0	1,237	4,210	0	0	0	5,447
		Play Park Renewal	0	155	157	235	391	0	938
		Public Convenience Upgrades	0	82	0	0	0	0	82
		Roads Reconstruction	0	9,433	3,449	3,412	0	0	16,294
		Roads Reconstruction - Helensburgh CHORD	0	47	0	0	0	0	47
Roads Reconstruction - Oban CHORD	0	3	0	0	0	0	3		
Tobermory Car Park	0	951	0	0	0	0	951		
Asset Sustainability Total			0	18,820	8,801	4,652	391	0	32,664
Service Development	RIS	Campbeltown Old Quay	1,381	43	0	0	0	0	1,424
		Fleet Management	2,859	499	0	0	0	0	3,358
		Fleet Management - Prudential Borrowing	2,674	1,187	1,000	0	0	0	4,861
		Jackson's Quarry Refurbishment	285	0	0	0	0	0	285
		Lismore Ferry Replacement	618	13	15	20	0	0	666
		Lochgilphead Depot Rationalisation	29	8	0	0	0	0	37
		Oban Depot Development	2,100	17	0	0	0	0	2,117
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	0	221
		Witchburn Road Demolition	158	-1	0	0	0	0	157
Service Development Total			10,309	1,782	1,015	20	0	13,126	
Strategic Change	RIS	Campbeltown Flood Scheme	878	9,098	3,908	1,331	0	0	15,215
		Harbour Investment Programme PB	6,706	5,626	22,235	27,025	29,700	0	91,292
		Street Lighting LED Replacement	3,109	791	0	0	0	0	3,900
Strategic Change Total			10,693	15,515	26,143	28,356	29,700	0	110,407
Overall Total			21,002	36,117	35,959	33,028	30,091	0	156,197

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardrishaig North Active Travel	0	712	168	0	0	0	880
		Cycleways - H&L (FSPT)	2,722	240	150	0	0	0	3,112
		Dunoon Cycle Bothy	13	266	0	0	0	0	279
		Dunoon STEM Hub	5	603	0	0	0	0	608
		Gibraltar Street Public Realm Improvements	2	248	0	0	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	2	51	0	0	0	0	53
		Hermitage Park	3,245	69	0	0	0	0	3,314
		Nature Restoration Fund	0	346	0	0	0	0	346
		Safe Streets, Walking and Cycling (CWSS)	2,334	544	0	0	0	0	2,878
		SPT - bus infrastructure	1,405	0	0	0	0	0	1,405
		Town Centre Funds	2,792	1,054	30	0	0	0	3,876
		West Coast UAV Innovation Logistics and Training	0	0	0	0	0	0	0
Service Development Total			12,520	4,133	348	0	0	0	17,001
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	1	0	0	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	0	214
		09 TIF - Oban Airport Business Park	489	101	0	0	0	0	590
		TIF - Halfway House Roundabout	43	47	550	0	0	0	640
Strategic Change Total			2,915	149	550	0	0	0	3,614
Overall Total			15,435	4,282	898	0	0	0	20,615

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	HSCP	Ardfenaig	0	38	87	0	0	0	125
		Block Allocation	0	0	577	428	0	0	1,005
		Capital Property Works	0	0	139	0	0	0	139
		Digitalising telecare	0	0	100	0	0	0	100
		Dunoon Hostel	0	33	0	0	0	0	33
		Eadar Glinn	0	0	196	0	0	0	196
		East King Street Childrens Hospital	0	65	0	0	0	0	65
		Glencruitten Hostel	0	115	0	0	0	0	115
		Gortonvogie	0	0	80	0	0	0	80
		Greenwood/Woodlands	0	90	134	0	0	0	224
		Rothsay Community Education Centre	0	0	0	0	0	0	0
		Shellach View	0	65	0	0	0	0	65
		Struan Lodge Boiler	0	30	222	0	0	0	252
		Thomson Home Rothsay	0	0	125	0	0	0	125
Tigh An Rudha HFE	0	80	302	0	0	0	382		
Asset Sustainability Total			0	516	1,978	428	0	0	2,922
Service Development	HSCP	Dunclutha Childrens Home	1,246	54	0	0	0	0	1,300
Service Development Total			1,246	54	0	0	0	0	1,300
Overall Total			1,246	570	1,978	428	0	0	4,222

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	47	0	0	0	0	47
		Campbeltown Museum - Burnet Bldg	0	0	38	0	0	0	38
		Capital Property Works	0	0	1,002	428	0	0	1,430
		Inveraray CARS	0	21	0	0	0	0	21
		Kintyre Community Education Centre - Lift Shaft Refurbishment	0	30	0	0	0	0	30
		Lochgilphead Library Relocation	0	52	0	0	0	0	52
		Riverside Leisure Centre - Cladding Upgrade	0	1	45	0	0	0	46
		Riverside Leisure Centre - Spa Pool Upgrade	0	80	0	0	0	0	80
		Rothsay Swimming Pool	0	0	27	0	0	0	27
		The Moat Centre - Gym Store	0	35	0	0	0	0	35
		Victoria Halls, Helensburgh	0	100	0	0	0	0	100
Asset Sustainability Total			0	546	1,112	428	0	0	2,086
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	-13	0	0	0	0	1,232
Service Development Total			1,245	-13	0	0	0	0	1,232
Strategic Change	Live Argyll	Carbon Management	29	21	0	0	0	0	50
Strategic Change Total			29	21	0	0	0	0	50
Overall Total			1,274	554	1,112	428	0	0	3,368

TREASURY MANAGEMENT MONITORING REPORT – 31 OCTOBER 2022

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the Council's treasury management position for the period 1 September 2022 to 31 October 2022 and includes information on:
- Overall borrowing position
 - Borrowing activity
 - Investment activity
 - Economic background
 - Interest rate forecast
 - Prudential Indicators
- 1.2. Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. Due to the increase in borrowing rates it is unlikely that the Council will take out longer term loans in the short to medium term. An update of the impact of these transactions will be provided to Members in a subsequent report.
- 1.3. The net movement in external borrowing in the period 1 September 2022 to 31 October 2022 was a decrease of £9.5m. This is mainly due to repayment of long term borrowing of £29.5m offset by temporary borrowing taken of £20m
- 1.4. The levels of investments were £116.2m at 31 October 2022. The rate of return achieved was 2.508% which compares favourably with the target SONIA rate which was 2.186%.

TREASURY MANAGEMENT MONITORING REPORT – 31 OCTOBER 2022

2. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 September 2022 to 31 October 2022 and includes information on:

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

3. DETAIL**Overall Borrowing Position**

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

	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
CFR at 1 April	309,092	319,610	337,855
Net Capital Expenditure	20,686	29,632	27,052
Less Loans Fund Principal Repayments	(5,353)	(5,507)	(5,788)
Less: NPDO Repayment	(4,815)	(5,880)	(6,038)
Estimated CFR 31 March	319,610	337,855	353,081
Less Funded by NPDO	(116,681)	(117,064)	(112,184)
Estimated Net CFR 31 March	202,929	220,791	240,897
Estimated External Borrowing at 31 March	142,931	167,154	187,150
Gap	59,998	53,637	53,747

- 3.2. Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. The gap that the Council is under borrowed by is due to the decision to repay long term debt and potentially not take any new borrowing due to high borrowing rates at present
- 3.3. The Council's Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.
- 3.4. The Council's estimated net capital financing requirement at 31 October 2022 is £202.9m. The table below shows how this has been financed. £154.1m is funded by loans and there are substantial internal balances of £165m of which £116.1m are currently invested, leaving a net internal balance of £48.9m.

	Position at 31/08/22	Position at 31/10/22
	£000	£000
Loans	163,576	154,069
Net Internal Balances	8,853	48,860
Total CFR	172,429	202,929

- 3.5. During the period from 1 September to 31 October 2022, £29.527m of loans were repaid and new borrowing of £20.019m was taken. This was mainly made up of the early repayment of long term borrowing of £29.5m, partly funded by new temporary borrowing of £20m. the balance relates to the renewal of local bonds and some new temporary borrowing, the analysis of the movement in borrowing is shown in the table below:

	Actual £000
External Loans Repaid 1st September 2022 to 31st October 2022	(29,527)
Borrowing undertaken 1st September 2022 to 31st October 2022	20,019
Net Movement in External Borrowing	(9,508)

- 3.6. The external long term borrowing of the Council was reduced by £29.5m during the period from 1 September 2022 to 31 October 2022.
- 3.7. The table below summarises the movement in the level and rate of temporary borrowing at the start and end of the period.

	£000	% Rate
Temp borrowing at 31st August 2022	521	0.55%
Temp borrowing at 31st October 2022	20,515	1.26%

Investment Activity

3.8 The average rate of return achieved in the Council's investments to 31 October 2022 was 2.508% compared to the Sterling Overnight Index Average (SONIA) rate for the same period of 2.186% which demonstrates that the Council continues to achieve a reasonable rate of return on its cash investments in spite of the challenging investment market. At 31 October 2022 the Council had £116.2m of short term investments at an average rate of 2.508%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each counterparty.

Counterparty	Maturity	Amount £000	Interest Rate	Rating S&P
Clydesdale Bank	Instant Access	251	2.15%	Short Term A-2, Long Term A-
AL Ryan Bank	07/12/2022	5,000	1.70%	Short Term A-1, Long Term A+
National Bank of Kuwait	11/04/2023	7,500	2.08%	Short Term A-1, Long Term A
National Bank of Kuwait	17/11/2022	5,000	1.70%	Short Term A-1, Long Term A
Qatar National Bank	13/12/2022	5,000	1.94%	Short Term A-1, Long Term A
Qatar National Bank	10/11/2022	5,000	1.67%	Short Term A-1, Long Term A
AL Ryan Bank	07/12/2022	5,000	1.70%	Short Term A-1, Long Term A+
AL Ryan Bank	02/02/2023	5,000	2.45%	Short Term A-1, Long Term A+
First Abu Dhabi bank	10/05/2023	5,000	2.11%	Short Term A-1+, Long Term AA-
First Abu Dhabi bank	10/08/2023	5,000	3.12%	Short Term A-1+, Long Term AA-
Australia and New Zealand Banking Group	23/02/2023	5,000	3.01%	Short Term A-1+, Long Term AA-
Australia and New Zealand Banking Group	06/10/2023	5,000	4.99%	Short Term A-1+, Long Term AA-
Close Bros	31/02/2023	2,500	2.00%	Short Term A-1, Long Term A+
Toronto Dominion Bank	13/10/2023	5,000	5.25%	Short Term A-1+, Long Term AA-
Development Bank of Singapore	07/11/2022	5,000	2.25%	Short Term A-1+, Long Term AA-
Cheshire West & Chester Council	12/01/2023	2,500	0.90%	AA
Cambridgeshire County Council	22/07/2024	5,000	1.00%	AA
Slough Borough Council	26/05/2023	5,000	2.10%	AA
Slough Borough Council	29/06/2023	5,000	2.10%	AA
Thurrock Borough Council	31/07/2023	5,000	3.00%	AA
Thurrock Borough Council	19/09/2023	5,000	3.50%	AA
Spelthorn Borough Council	03/04/2023	5,000	3.00%	AA
London Borough of Croydon	10/10/2024	5,000	4.10%	AA
Money Market Fund - BNP Paribas	Call	8,325	2.14%	AAA
Money Market Fund - Aberdeen Standard	Call	75	2.30%	AAA
Total		116,151		

3.9 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is

constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.

Economic and Interest Rate Forecasts

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

Prudential Indicators

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

4. CONCLUSION

- 4.1 In the period from 1 September 2022 to 31 October 2022, the Council's borrowing decreased by £9.5m, it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £116.2m is currently invested. The investment returns were 2.508% which is above the target of 2.186%.

5. IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

Appendix 1 – Economics Update (at 30-09-22)

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

- The second quarter of 2022/23 saw:
 - GDP in Q1 2022/23 revised upwards to 0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% in July following an upward revision to Q1’s GDP data (+0.2% q/q), though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rise of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward

momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7ppts to CPI inflation in October when the Ofgem unit price cap increases, typically, to £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- The new Prime Minister and Chancellor have appeared to make a step change in government policy. The government's huge fiscal loosening from its significant tax cuts will add to these domestic inflationary pressures and will leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the fiscal statement on 23rd November. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- Since the fiscal event, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023 (up from our previous forecast peak of 2.75%). The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% priced into the financial markets at present.

- Gilt yields rose sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- The S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite

MPC meetings 4th August and 22nd September 2022

- In August, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 1.75%, and on 22nd September moved rates up a further 50 basis points to 2.25%. The increase reflected a split vote – five members voting for a 50 basis points increase, three for 75 basis points and one for 25 basis points. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- Moreover, the UK now has a new Prime Minister, a new Chancellor and new economic policies that seek to grow the UK economy faster than at any time since the 1980s. The central planks to the government's new policies are tax cuts and regulatory simplification. It is too early to say whether such policies will boost growth in the ways intended, but what is clear at this juncture is that the lack of scrutiny of the various projections, ideally by the Office of Budget Responsibility (OBR), and an emphasis upon borrowing to fund the significant cost of the proposals scared the markets.
- Subsequently, the Government has announced that the OBR will scrutinise their spending plans on 23rd November, after the MPC next meets on 3rd November. Naturally, the Bank Rate forecast set out below will be dependent on a more joined-up set of communications from the Bank of England and the government than that which we have seen or heard so far. In addition, the fiscal governance aspects referred to in the OBR's upcoming review in November will need to be suitably couched in reassuring language and analysis to persuade the markets that fiscal rectitude has not been abandoned.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 300 basis points in the year to date and is expected to increase rates further before the end of the year. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that are having the greatest impact on global bond markets.
- What happens in Ukraine will also impact the global economy, but particularly in Europe. The search for alternative providers of energy, other than Russia, will take both time and effort. The weather will also play a large part in how high energy prices stay and for how long.

Appendix 2 – updated Interest Rate Forecast (8-11-22)

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

Bank Rate	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
08.11.22	3.50	4.25	4.60	4.60	4.50	4.00	3.75	3.60	3.25	3.00	2.75	2.60	2.50
27.09.22	4.50	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.60	-
Change	-1.00	-0.75	-0.40	-0.40	0.00	0.00	0.00	0.35	0.25	0.25	0.00	0.00	-

- Since our last update at the end of September, the Bank of England's Monetary Policy Committee (MPC) has increased Bank Rate to 3.00% from 2.25%. The increase was made last Thursday and reflected a split vote – seven members voting for a 75 basis points increase, one for 50 basis points and one for 25 basis points. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- Moreover, the UK has a new Prime Minister, Rishi Sunak, a new Chancellor, Jeremy Hunt, and new fiscal policies – to be firmed up on the 17th of November Autumn Statement - that seek to ensure that the public finances are kept on a sound footing and that any projected gaps (possibly £50bn to £60bn) are fully funded from services efficiencies and/or net tax increases.
- In the interim period, since the end of September, the Government scrapped the reduction in the basic rate of income tax by 1p in the £; maintained the higher band 45p in the £ income tax rate; did not reduce Corporation Tax to 19% from 25%; only put in place support for businesses and households for 6 months (October to March) regarding caps on the unit costs of gas and electricity.
- In addition, the Bank of England has had to intervene in the longer part of the gilt market to ensure that pension funds did not have to undertake a “fire sale” of assets to raise cash to pay for margin calls, arising from the sell-off of long-dated gilts (yields rising) in the wake of the former Chancellor's policy to seek to boost growth with unfunded tax cuts.
- In recent days, calm has returned to the markets, the £ has risen from a historic low of \$1.03 to \$1.14, and the cumulative movement in gilt yields since the turn of the year is now broadly in line with that seen in the US and Euro-zone bond markets.
- Turning back to Thursday, the Bank's Quarterly Monetary Policy Report detailed that the UK economy is headed for eight quarters of negative growth based on the market's expectation for Bank Rate to increase to 5.25%. Since then, market expectations have been recalibrated, and now view a peak in Bank Rate of between 4.5% and 4.75%. These views are similar to those held by Link Group's Interest Rate Strategy Group (IRSG). IRSG has reduced its view on the peak of Bank Rate from 5% to 4.5%. However, although we see rates peaking in May of 2023, we now also believe there are several challenges to the Bank that could see them leave rates at this level until early 2024.
- The first of those challenges is the tight labour market (unemployment is at

a 48 year low 3.5%), which shows no signs of dissipating, and that could mean wage increases continue to be north of 5% well into 2023 (the Bank would broadly want wages to be in the range of 3% - 3.5%). There is also the prospect that unless the workforce participation rate increases and/or immigration policies are relaxed, there is no clear route that would give rise to sustainable increases in economic growth. And, of course, inflation could be somewhat “sticky” if the Russian invasion of Ukraine remains unresolved and puts continued pressure on global energy prices and staple foods (e.g., wheat), among the many areas negatively impacted.

- Against this backdrop, we believe the MPC will have to tread carefully. It will need to evidence to the markets that it sees the reduction in inflation as a primary objective, but also that it remains alert to the fact that it does not want any recession to be deeper and more prolonged than it needs to be. On that basis our forecast sees Bank Rate increasing 50 basis points in both December and February before the MPC scales down the rate of increase to just 25 basis points in both March and May 2023.

Regarding our forecast for PWLB rates, as already stated, the impact of the Truss/Kwarteng fiscal experiment has faded in the past month but we think investors will still remain a little nervous over the UK’s future fiscal policy and therefore we have reduced our forecast for near-term PWLB rates across the curve, compared to September’s forecast, but have left the longer end of the curve slightly higher to reflect the potential demand by foreign investors for a “confidence premium” in the light of recent market volatility.

- As for the housing market, the most recent survey by Nationwide Building Society showed house prices starting to fall and the MPC will be very cognisant that affordability could be stretched now that fixed rate mortgages are somewhat higher than they were a few weeks ago. Historically, the MPC has appeared reluctant to tighten monetary policy in a falling housing market, but it may be willing to leave rates less high than the market had been pricing in prior to the 3rd of November Quarterly Monetary Policy Report but keep them there for longer as a compromise of sorts.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 375 basis points in the year to date and is expected to increase rates further before the end of the year, and possibly into 2023. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that will have the greatest impact on global bond markets.
- Geo-political events continue to lead to frequent whipsawing in equity, bond, commodity and currency markets. And the weather will also play a large part in how high energy prices stay and for how long. Not forgetting developments in Iran, North Korea, Taiwan and China.
- From a practical standpoint those clients looking to borrow will, most probably, need to continue to focus on optimising their cashflow forecasts, and given the (still) relatively elevated level of rates right across the curve at present, seek to fund either temporarily from local authorities or with

short-dated loans from the PWLB. You will see from our forecast that we expect both short- and longer-term rates to be somewhat lower over the duration of the forecast. Nonetheless, if certainty is paramount within your debt management strategy, we will help you to optimise any longer dated borrowing requirements you may have.

- On the flipside, if you are an authority that is fully funded or wishes to reduce its exposure to long- dated debt, there may be scope to repay loans prematurely (both market and PWLB) whilst the high discount rates prevail. Your Client Relationship Manager should be contacted if this is something you wish to look at.
- In terms of our forecast, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

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

Link Group Interest Rate View		08.11.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 9th August and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the “fiscal event” has complicated the picture for the MPC, who will now need to double-down on counteracting inflationary pressures stemming from the government’s widespread fiscal loosening.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation will peak at close to 10.4% in November 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- Regarding the “provisional” plan to sell £10bn of gilts back into the market each quarter, this is still timetabled to take place but not until October at earliest.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve has shifted upwards since our August update and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.25% to 5.75%. The yield curve is currently inverted.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

The balance of risks to the UK economy: -

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

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.
- **The pound weakens** because of the UK's growing borrowing requirement resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** continue to rise strongly and pull gilt yields up even higher than currently forecast.

LINK GROUP FORECASTS

We now expect the MPC to swiftly increase Bank Rate during the remainder of 2022 and into Q2 2023 to combat the sharp increase in inflationary pressures. We do not think that the MPC will embark on a series of increases in Bank Rate that would take it to more than 4.5%, but it is possible.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears for inflation and/or recession ebb and flow. The overall longer-run trend is for gilt yields and PWLB rates to remain high in the near-term, given the extent to which market expectations are already priced in and then to fall back once inflation starts to fall through 2023.

Our target borrowing rates and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 07.11.22 p.m.	Target borrowing rate now (end of Q4 2022)	Target borrowing rate previous (end of Q4 2022)
5 years	4.20%	4.30%	5.00%
10 years	4.46%	4.50%	4.90%
25 years	4.72%	4.70%	5.10%
50 years	4.26%	4.30%	4.80%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are as follows: -

Average earnings in each year	Now	Previously
2022/23 (remainder)	3.95%	4.80%
2023/24	4.40%	4.60%
2024/25	3.30%	3.20%
2025/26	2.60%	2.80%
2026/27	2.50%	2.80%
Years 6 to 10	2.80%	2.80%
Years 10+	2.80%	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Interest Rate Strategy Group

Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2022-23	2022-23	2023-24	2024-25
(1). EXTRACT FROM BUDGET				
	Forecast Outturn £'000	Original Estimate £'000	Forecast Outturn £'000	Forecast Outturn £'000
Capital Expenditure				
Non - HRA	20,686	51,699	29,632	27,052
TOTAL	20,686	51,699	29,632	27,052
Ratio of financing costs to net revenue stream				
Non - HRA	2.70%	2.70%	4.56%	4.57%
Net borrowing requirement				
brought forward 1 April *	309,092	292,303	333,145	337,855
carried forward 31 March *	319,610	333,145	337,855	353,081
in year borrowing requirement	10,518	40,842	4,710	15,226
In year Capital Financing Requirement				
Non - HRA	10,518	40,842	4,710	15,226
TOTAL	10,518	40,842	4,710	15,226
Capital Financing Requirement as at 31 March				
Non - HRA	319,610	333,145	337,855	353,081
TOTAL	319,610	333,145	337,855	353,081

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

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

RESERVES AND BALANCES – UPDATE AS AT 31 OCTOBER 2022

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2022 the Council had a total of £103.183m of usable reserves. Of this:
- £2.682m relates to the Repairs and Renewals Fund
 - £4.414m relates to Capital Funds
 - £96.087m was held in the General Fund, with £88.990m of this balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £88.990m:
- £46.239m is invested or committed for major initiatives/capital projects
 - £6.364m has already been drawn down
 - £29.934m is still to be drawn down in 2022-23
 - £6.453m is planned to be spent in future years

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

- 1.5 The Council's General Fund contingency level is set at 2% of net expenditure for 2022-23 which equates to £5.256m. At the beginning of the financial year there was £1.398m of unallocated General Fund Balance (over and above contingency). At the Council meeting on 24 February 2022 it was agreed that the budgeted revenue surplus of £2.482m would be transferred into the general fund. After taking this into consideration and the current forecast outturn for 2022-23, the Council is estimated to have a £3.778m surplus over contingency.

RESERVES AND BALANCES - UPDATE AS AT 31 OCTOBER 2022**2. INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances at 31 March 2022

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

Unusable Reserves	£000
Revaluation Reserve	157,645
Capital Adjustment Account	241,327
Financial Instruments Adjustment Account	(2,198)
Pensions Reserve	4,634
Accumulated Absences Account	(6,928)
Total Unusable Reserves	394,480

Usable Reserves	£000
Repairs and Renewals Fund	2,682
Capital Fund and Usable Capital Receipts Reserve	4,414
General Fund	96,087
Total Usable Reserves	103,183
Total Reserves	497,663

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

3.3 General Fund

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

	Balance 31/03/22 £000
Balance on General Fund as at 31 March 2021	78,245
Increase to General Fund balance at end of 2021-22	17,842
Earmarked Balances	(88,990)
Contingency allowance at 2% of net expenditure	(5,256)
Unallocated balance as at 31 March 2022	1,841

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

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

Earmarking Category	Balance 31/03/2022 - per year end published report	Transfers between categories	Invested or committed for major initiatives /capital projects	Drawn-down to 2022-23 Budget as at 31/10/22	Still to be drawn-down in 2022-23	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,590		6,126	464	0	0	
Investment in Affordable Housing	3,300		3,300				
Capital Projects	24,722		24,722				
Lochgilphead and Tarbert Regeneration	2,271		2,271				
Support for Rural Growth Deal	1,058		894	164	0	0	
Asset Management Investment	2,607		2,607				
Piers and Harbours Investment Fund	1,643		1,643				
Scottish Government Initiatives	3,141			1,241	1,513	387	
CHORD	349				150	199	
DMR Schools	1,982			416	1,566		
Energy Efficiency Fund	218				218		
Existing Legal Commitments	475			15	460		
Unspent Grant	12,834		950	1,329	10,103	452	
Unspent Third Party Contribution	166			10	156		
Previous Council Decision - Other	4,343	-55	2,069	60	2,159	0	
Redundancy Provision	1,732				500	1,232	
Supporting Organisational Change	1,588			106	394	1,088	
Spend to Save Route Optimisation	100				100		
Timing Delay	499				499		
Hermitage Park	4				4		
COVID-19	8,964		257	1,827	6,821	59	
Unspent Budget	10,404	55	1,400	732	5,291	3,036	
Totals	88,990	0	46,239	6,364	29,934	6,453	0

3.4 Unallocated General Fund Balance

- 3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2022-23 and amounts to £5.256m. At the beginning of the financial year there was £1.841m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 24 February 22 and the current forecast outturn position for 2022-23, the Council is forecast to have a £3.778m surplus over contingency.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 2022	2,482
Current Forecast Outturn for 2022-23 as at 31 October 2022		(545)
Estimated Unallocated balance as at 31 March 2023		3,778

- 3.4.2 Note that the unallocated balance of £3.778m does not take into account the 2022-23 pay award now agreed and which will be implemented in November for SJC employees. Should Members decide that a proportionate share of the funding is passed to the HSCP, the impact for the Council would be around £2.1m, resulting in a reduced unallocated balance of £1.678m by year end.

3.5 Loans Fund Review

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

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

Significant Strategic Change Projects	5,013	(2,856)		2,157
2020-21 Revenue Budget Contribution	600	(600)		0
	20,561	(6,730)	(1,406)	12,425

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 31 October 2022 the estimated unallocated General Fund, after taking into consideration the budget motion and forecast outturn for 2022-23 is £3.778m.

5. IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

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

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

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 October 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855	8,004		851	851	0	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	0
002	Chief Executive's Unit	Community Planning	Gaelic Development	8,235			8,235	8,235	0	To fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan	8,235	0	0
003	Chief Executive's Unit	Financial Services	Financial Systems	114,000	80,252		33,748	33,748	0	To fund the completion of the implementation of the Oracle Fusion Financial Management System, a software update for cash receipting to ensure card payments can still be taken and the procurement and implementation of a new system to manage the requirements of the IFRS16 Leases accounting standard.	114,000	0	0
004	Chief Executive's Unit	Financial Services	Accounting and Budgeting Team Resilience	95,000	64,336		30,664	11,664	19,000	To fund the implementation of a new staffing structure in 2022/23 as agreed at ELT on 12 April 2022. This will provide funding to cover the additional staffing costs in 2022/23 and the training costs over the period 2022/23 to 2026/27	76,000	5,000	14,000
005	Chief Executive's Unit	Financial Services	CIPFA	32,530	760		31,770	31,770	0	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	32,530	0	0
006	Chief Executive's Unit	Financial Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	0	18,595	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14. This money was allocated to support the Community Learning and Development Team to provide courses to support Universal Credit claimants 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops. The monies were not utilised however it will now be required to top up the Scottish Welfare Fund and DHP monies for 2022/23 as it is likely that given the current cost of living crisis that more people will be in need of support through these funds	0	18,595	0
007	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	35,000			35,000	9,900	25,100	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	9,900	9,900	15,200
008	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Charity	750,000			750,000	375,000	375,000	Agreed at Council meeting February 2020, £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	375,000	375,000	0
009	Executive Director (Douglas Hendry)	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	320,000			320,000	320,000	0	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing).	320,000	0	0
010	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Essential repairs	306,400			306,400	306,400	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
011	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	84,688			84,688	84,688	0	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which will be imposed from 1st April 2017. It was agreed that £150,000 be earmarked from the favourable 2016-17 outturn position to fund these appeals. The balance of £84,688 is still required as NDR valuation appeals have been lodged but have not been heard yet. We will not know the level of savings, and in turn the corresponding charge to us, until the appeals are concluded which should be later on this year. Ryden are awaiting outcome of further citations which will incur fees.	84,688	0	0
012	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013			21,013	21,013	0	For Site Investigation works in relation to Tweeddale Street Car Park, Oban and Oban Airport Business Park to explore commercial opportunities to develop the sites and gain revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations and work commenced in March 2020. This is still ongoing.	21,013	0	0
013	Executive Director (Douglas Hendry)	Commercial Services	Catering and Cleaning Restructure Costs	17,000	17,000		0	0	0	To support the catering and cleaning team restructure	17,000	0	0
014	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	187,526	24,677		162,849	162,849	0	At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21 and 21/22, as part of the ongoing transformation work in the Education service, focussing on digital and virtual learning technology and the development of learning clusters. This will continue into 2022/23.	187,526	0	0
015	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	77,440	33,479		43,961	43,961	0	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	77,440	0	0
016	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000			10,000	10,000	0	To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively. A balance has been released back to the general fund because the rollout project is almost complete with only £0.01m expected spend in 22/23.	10,000	0	0
017	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Education Purchasing Officers	210,000			210,000	90,000	120,000	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	90,000	120,000	0
018	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NDR - One off contribution to 22/23 Budget	200,000	200,000		0	0	0	To fund one off operational saving CS04 agreed for the 2022/23 budget.	200,000	0	0
019	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NPDO Schools Contract	166,000	166,000		0	0	0	To fund one off operational saving LRS01 agreed for the 2022/23 budget	166,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
020	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Transformation Agenda QIO	100,259	74,274		25,985	-4,015	30,000	Ongoing funding for the QIO post to lead the implementation of the service transformation programme. The QIO will assist the Executive Director to deliver the Council's transformation agenda by developing, analysing and monitoring initiatives and projects which deliver the vision, values and strategic objectives of the Council.	70,259	30,000	0
021	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	55,000			55,000	30,000	25,000	Per paper agreed at SMT October 2021 - allocation from Digital Projects (General Provision to be allocated). To fund the costs of livestreaming of Council meetings.	30,000	25,000	0
022	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Councillor IT Equipment	65,000			65,000	65,000	0	To meet the cost of provision of IT equipment for all new Elected Members as a result of the Local Government Election in May 2022.	65,000	0	0
023	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Debt Counselling & Welfare Rights	27,025			27,025	27,025	0	To meet the cost of a Debt Counselling and Welfare Rights Management System.	27,025	0	0
024	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Community Safety Partnership	16,000			16,000	16,000	0	To earmark the Community Safety Partnership funding received for 2021/22 to be used for Community Safety Partnership purposes.	16,000	0	0
025	Executive Director (Kirsty Flanagan)	Customer Support Services	Microsoft 365	300,000			300,000	166,930	133,070	To be added to existing earmarked reserves to meet increasing MS365 licensing costs from 2022/23 onwards	166,930	133,070	0
026	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150			109,150	109,150	0	Funding earmarked to support trainee development and modern apprenticeship opportunities based on priority workforce risk areas. These areas have been identified and proposals developed. £95,790 to be spent in 22/23 and £13,360 to be spent in 23/24 to fund a graduate trainee and 3 apprentices to deliver trainee development and modern apprenticeship opportunities	109,150	0	0
027	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	76,455			76,455	0	76,455	There is a requirement to pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from year 4 onwards. There is unallocated funding of £103,545 from the earmarking created at 2020/21 year end for 'Digital Projects', so the earmarking request for 2021/22 year end is the balance of £76,455		16,455	60,000
028	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	36,508			36,508	36,508	0	In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in FQ4 20/21.	36,508	0	0
029	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000			30,000	30,000	0	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding.	30,000	0	0
030	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	30,000			30,000	18,000	12,000	To facilitate the implementation of technical efficiency improvements and new processes	18,000	12,000	0
031	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,601			27,601	27,601	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	0
032	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	709,700			709,700	116,000	593,700	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	116,000	116,000	477,700
033	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	115,764			115,764	115,764	0	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22-23, in order that the application process can commence during 21-22 and that this agreed figure be augmented by any underspend remaining from the 20-21 financial year. At 24 February 22, decision made to agree £90k for 23-24, in order that the application process can commence during 22-23 and that this agreed figure be augmented by any underspend remaining from the 21-22 financial year	115,764		0
034	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Island Post	50,461			50,461	50,461	0	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025	50,461	0	0
035	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	40,000			40,000	20,000	20,000	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20. Grant contract issued. Proposed payment of £20k per annum starting 2020/21 (2023/24 final payment of £20k)	20,000	20,000	0
036	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,492,997			1,492,997	640,000	852,997	This would be used to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste, including the development of landfill cell construction works at Gartbreck.	640,000	426,000	426,997
037	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	500,000			500,000	500,000	0	At the Council meeting on 27 February 20, it was agreed to input £500k budget to mitigate the impacts of weather related damage and climate change with specific emphasis on gully cleaning and drainage improvements. Spend has been delayed due to COVID and the intention is to spend the funds on 2 Gully Motors plus staff over next 2 years. Vehicles are on order and expected to be delivered in early 2022-23.	500,000		0
038	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	427,286			427,286	89,373	337,913	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26.	89,373	337,913	0
039	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	400,000			400,000	400,000	0	At the Council meeting on 27 February 20, it was agreed to input £400k in Green transport, investment in footway and cycle path maintenance supporting the healthy wellbeing and green agenda. Spend has been delayed due to COVID and this will be taken forward in 21-22. £260k Footways Reconstruction programme now agreed across the four areas, £140k Ardrishaig North Project.	400,000		0
040	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Strategy	363,000	4,500		358,500	120,500	238,000	To fund/part-fund various waste projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste.	125,000	119,000	119,000
041	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Management	256,753	10,040		246,713	118,960	127,753	Will be used towards long term waste management strategy/model, including but not limited to scoping work for the creating of a waste transfer station at Helensburgh.	129,000	127,753	0
042	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Replacement Signage and Bins	135,366			135,366	135,366	0	Replacing key road signage. This will help to reduce future budget pressures for replacement of signs and would also help to enhance the streetscape and general appearance of the area. The bulk of Road signs have been delivered and installation is now in progress and will be completed during 2022-23.	135,366	0	0
043	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Kintyre Recycling Redundancy Costs	36,000	12,643		23,357	23,357	0	To fund redundancy costs associated with Kintyre Recycling.	36,000	0	0
044	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099			28,099	28,099	0	Delay with introduction of amenity time recording system, spend unlikely to be incurred until 2022-23 for handheld devices and software.	28,099	0	0
045	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	1,000,000	0	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	1,000,000	0	0
046	Non Departmental	Non Departmental	Loans Fund	385,279			385,279	385,279	0	At the Council Budget meeting on 24 February 2022, Saving FS01, a Loans Fund Management/Operational saving for 22/23 budget of £0.500m was agreed with at least £0.200m to come from underspends in 21/22. The underspend position for 21/22 is £0.385m and this has to be earmarked to help offset the saving.	385,279	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
047	Non Departmental	Non Departmental	Utilities	283,000			283,000	283,000	0	To contribute towards the expected adverse impact on the 2022/23 budget of utility costs inflation as per Budget Pack	283,000	0	0
048	Non Departmental	Non Departmental	Digital Projects (General Provision to be allocated)	103,545			103,545	103,545	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063mand a general provision still to be allocated £0.189m. Further allocation to Hybrid Council Meetings agreed October 2021 (£0.085m). There is a proposal for 2021-22 year end to use the balance of this earmarking towards the Security Operations Centre Subscription unspent budget request - per Appendix 2.1l	103,545	0	0
049	Non Departmental	Non Departmental	Community Resilience Fund	76,447			76,447	76,447	0	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	76,447	0	0
050	Non Departmental / Chief Executive's Unit	Across Services / Chief Executive's Unit	Information Management (Balance of Funding)	209,844			209,844	209,844	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	209,844	0	0
051	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697			12,697	12,697	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	12,697	0	0
052	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000			92,000	61,000	31,000	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k (delay on spending due to COVID-19), document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	61,000	31,000	0
053	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Digital Customer Engagement Projects)	73,000			73,000	73,000	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	73,000	0	0
054	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455			63,455	63,455	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	63,455	0	0
055	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470			11,470	11,470	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	11,470	0	0
056	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Development and Economic Growth	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	57,491	36,314		21,177	21,177	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	57,491	0	0
				10,458,934	732,279	0	9,726,655	6,691,072	3,035,583		7,423,351	1,922,686	1,112,897

APPENDIX 2

COVID Earmarkings
As at 31 October 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Community Planning - temp post to support communities	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0
002	Chief Executive's Unit	Community Planning	COVID-19 - Test and Protect Support	44,047	10,000			34,047	34,047	0	Funding provided in relation to the Local Self-Isolation Assistance Service. The Community Planning and Development Team will work with community groups to support their community response and resiliency to Test and Protect and COVID-19 impacts	44,047	0	0
003	Chief Executive's Unit	Financial Services	LACER Fund	797,720				797,720	797,720	0	The Council meeting on 28 April 2022, it was agreed that Local Authority Covid Economic Recovery (LACER) Funding is to be used to distribute Scotland Loves Local cards to CTR recipients. This will take place in June 2022 giving Economic Development time to encourage the Co-op to sign up to accept the cards.	797,720	0	0
004	Chief Executive's Unit	Financial Services	Housing Benefits Private	231,027				231,027	231,027	0	Specific funding allocation for DHP to support tenants financially affected by the COVID-19 outbreak to sustain their tenancies. It is expected there will continue to be pressure on this budget going into 22-23	231,027	0	0
005	Chief Executive's Unit	Financial Services	Flexible Food Fund	510,573	144,620			365,953	365,953	0	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food Fund (ABFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. ABFFF offers financial support and wider confidential professional help to anyone suffering hardship. Working in partnership with the Community Food Forum, Bute Advice Centre and AllEnergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund will help support daily living expenses. If the claimant engages with these services, a second payment will be made to contribute to a further months daily living expenses. In the period from 10 January 2021 to 30 April 2022 client gain in extra benefits income for families was £1.45 million with 1,090 families had been supported. The project has been extended to 31 March 2023 and this money will be used to support it.	510,573	0	0
006	Chief Executive's Unit	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	167,983	47,711			120,272	120,272	0	Funding to strengthen local authority responses to meet emerging needs and support people in their communities struggling with the restrictions and guidance at all protection levels, particularly those at risk through health and social inequalities; this support could cover the same types of support currently delivered including information and advice, access to food and medicines, and practical and emotional support; and, administration costs to support delivery (e.g. strengthening the National Assistance Helpline) and liaison and co-ordination with 3rd sector. It will be for Local Government to use this funding flexibly for this purpose.	167,983	0	0
007	Chief Executive's Unit	Financial Services	Self Isolated Support Grant	16,000				16,000	16,000	0	Unspent admin funding for processing Self Isolation Support Grants. Monies will be fully utilised in 2022/2023 to support the further administration of the grant until 31 March 2023.	16,000	0	0
008	Chief Executive's Unit	Financial Services	Test and Protect Extension	9,929				9,929	9,929	0	Funding provided in relation to the Local Self-Isolation Assistance Service. This will be used to support the recruitment of 0.5FTE LGE6 temp post to assist with call volumes in the Scottish Welfare Fund team in 2022/23	9,929	0	0
009	Executive Director (Douglas Hendry)	Education	Logistics Funding - Safe Opening of Schools	940,605	89,536			851,069	851,069	0	SG Funding to ensure the safe opening and operation of schools. Includes transport, PPE, Cleaning and expansion of estate.	940,605	0	0
010	Executive Director (Douglas Hendry)	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - £45m Grant - £45m	488,310	488,310			0	0	0	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes.	488,310	0	0
011	Executive Director (Douglas Hendry)	Education	COVID 19 - Education Recovery - Additional Staff in School and ELC settings	373,346	373,346			0	0	0	To employ a variety of school staff to meet the needs of children and young people in their local areas and ensure that levels of teaching and support staff in schools can be maintained in the 2021-22 academic year. Funding will also be used to support the transition from ELC to primary school.	373,346	0	0
012	Executive Director (Douglas Hendry)	Education	Education to Support Young People	321,816	243,124			78,692	19,452	59,240	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.600m. Agrees to fund a package of measures to boost the wellbeing and build back the resilience of young people, in particular those most vulnerable, following the Covid-19 pandemic, including counselling and increased provision of childcare for children under three. Notes that the Scottish Government is yet to confirm details of funding for similar initiatives and, should our investment in children's wellbeing qualify for this funding, the balance will be re-allocated to the Recovery and Renewal Fund.	262,576	59,240	0
013	Executive Director (Douglas Hendry)	Education	Recruitment of Additional Teachers and Support Staff in Schools	136,715	136,715			0	0	0	Fund additional teachers and support staff.	136,715	0	0
014	Executive Director (Douglas Hendry)	Education	EDU - Community Mental Health and Wellbeing Support to Children and Young People - Pandemic Funding	49,756				49,756	49,756	0	Scottish Government/COSLA Initiative to support the work under the Children and Young People's Mental Health and Wellbeing Programme grant split in 2020-21 with £183,750 of the fund utilised by local collaborative partnerships for supporting children, families and carers through the pandemic. The Scottish Government has agreed for the balance to be spent in 2022/23.	49,756	0	0
015	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Welfare Rights Support	172,000				172,000	172,000	0	As agreed at the Council Meeting on 25 February 2021 - an allocation of £0.172m. As part of our focus on Improving Opportunities for People and Communities, agrees to provide additional resources to proactively support people experiencing poverty and hardship, by investing in two additional Welfare Rights support staff for two years.	172,000	0	0
016	Executive Director (Douglas Hendry)	Legal and Regulatory Services	LACER Funding - Advice Services	130,000	130,000			0	0	0	Local Authority COVID Economic Recovery (LACER) Funding for Welfare Rights - All Energy, Bute Advice, Citizens Advice	130,000	0	0
017	Executive Director (Kirsty Flanagan)	Customer Support Services	Self Isolated Support / Self Isolated Support Grant (HR)	115,000				115,000	115,000	0	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities, however low infection rates and therefore demand in A&B meant that this was not required in 2020/21 or 2021-22. The 2021-22 funding of £43,000 will be used for Recovery related activities including the recruitment of a Temporary Additional Web Developer to implement the improvements identified by customers in the Customer Engagement Consultation and to mainstream the Coronavirus page content back in to Business as usual. Another portion will be used to fund the Digital Receptionist solution as part of safe re-opening of offices. The 2021-22 funding of £72,000 will be used to fund consultancy and development of RPA (robotic process automation) software which will build automation within HR workflows and processes. This will improve efficiency and accuracy.	115,000	0	0
018	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation and Marketing Argyll and Bute	592,013	106,368			485,645	485,645	0	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey.	592,013	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards	
019	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund	250,000				250,000	250,000	0	As agreed at the Council Meeting on 25 February 2021. Establishes the Tackling Digital Exclusion Top Up Fund to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. While vouchers are available from the UK and Scottish Governments in some cases these do not cover the full cost of infrastructure builds.	250,000	0	0	
020	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Small Business Development Grant)	200,000				200,000	200,000	0	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing improvements and improve efficiency/innovation.	200,000	0	0	
021	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Sector Support Grant)	150,000				150,000	150,000	0	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that contribute to the sector as well as benefitting the business, for example: Tourism and hospitality, food and drink or retail. With option to provide additional business support to hard hit areas including Bute and Kintyre where unemployment remains higher than average - support via specialist advice, locally tailored grants to meet local priorities and targeted marketing activity.	150,000	0	0	
022	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (New Enterprise Support Grant)	120,000				120,000	120,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish.	120,000	0	0	
023	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation Investment per budget pack February 22	100,000				100,000	100,000	0	As agreed at Council on 24 February 2022. Staycation investment £0.100m. Augments the 2021/22 £0.5m staycation initiative with an additional investment of £100k, including support for community groups and partners in the provision of facilities which can support increasing staycation visitor numbers during the 2022/23 season.	100,000	0	0	
024	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Development - temp post to support economic recovery	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0	
025	Executive Director (Kirsty Flanagan)	Development and Economic Growth	EH Covid Posts	41,145				41,145	41,145	0	Funding for 2 posts for 2 years and not recruited until late 20-21	41,145	0	0	
026	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Shop Local)	40,000				40,000	40,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2022-23 and 2023-14, buying additional cards and allow the cards to gather momentum and support local businesses.	40,000	0	0	
027	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tenant Hardship Fund	30,000				30,000	30,000	0	Grant received from Scottish Government to support tenants suffering hardship due to COVID-19. Claims have been made and Housing are in the process of paying these out and all claims will be settled during 2022-23.	30,000	0	0	
028	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Gypsy Travellers)	10,000				10,000	10,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would pay for MECOPP (Minority Ethnic Carers of People Project) to engage with the Gypsy Travellers community on the important subject of the cost of living increases, fuel poverty and the impact of factors such as their remote rural locations and the facilities available to them for everyday living have on their livelihoods	10,000	0	0	
029	Non Departmental	Across Departments	COVID Cost Pressures Beyond 2021/22	370,000				370,000	370,000	0	As agreed at the Council Meeting on 25 February 2021 (£2.5m) with the value reduced to £0.370m based on more up to date projections at year end 2021-22. Allocation of COVID funding to projected 22/23 Revenue Cost Pressures	370,000	0	0	
030	Non Departmental	Non Departmental	Recovery and Renewal Fund	1,547,000				1,547,000	1,547,000	0	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Proposals for use of this fund to be brought forward by officers to the Policy and Resources Committee. To include in the first instance options for maximising Argyll and Bute's potential as a green, connected staycation destination of choice, requesting that officers bring to the Environment, Development and Infrastructure Committee a report on use of external funding sources and other opportunities for improving the electric vehicle charging network.	1,547,000	0	0	
031	Non Departmental	Non Departmental	Unallocated Admin Support Grant	411,285				411,285	411,285	0	Funding to support the delivery of the Business Grants to local businesses, partially used during 20/21 and 21/22 but a balance remains to be carried forward and used in future years	411,285	0	0	
032	Non Departmental	Non Departmental	Capital pressure	257,000				257,000	257,000	0	Pressure identified on the 20-21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan	257,000	0	0	
033	Non Departmental	Non Departmental	Levelling up Fund bids per P&R February 22	150,000				150,000	150,000	0	As agreed at Policy & Resources committee on 17 February 2022, an allocation of up to £0.150m to support Levelling Up Fund bids	150,000	0	0	
034	Non Departmental	Non Departmental	CHARTS per budget pack February 22	75,000	50,000			25,000	25,000	0	As agreed at Council on 24 February 2022, investment in CHARTS £0.075m. To support the organisation in delivering targeted support, in communities, to the culture, arts and heritage sector as part of its plans to contribute to overall economic recovery.	75,000	0	0	
035	Non Departmental	Non Departmental	CHARTS	7,000	7,000			0	0	0	As agreed at the Council Meeting on 25 February 2021. Allocation of COVID funding to CHARTS £0.067m, with the balance of £0.007m being carried to 2022/23. The allocation is to ensure that Argyll and Bute's culture, heritage and arts sector can make a contribution to our overall recovery and renewal.	7,000	0	0	
				8,965,270	1,826,730	0	0	7,138,540	7,079,300	59,240		0	8,906,030	59,240	0

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****8 DECEMBER 2022**

BUDGET OUTLOOK 2023-24 TO 2027-28

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget outlook 2023-24 to 2027-28, reported to the Policy and Resources Committee on 13 October 2022.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding remain unchanged from those reported on 16 June 2022 and range between 0.5% reduction (best case) and 1.5% reduction (worst case) with a mid-range reduction of 1.0%.
- 1.4 In respect of the 2022-23 pay award, the Scottish Government has agreed to provide an additional £140m of recurring resource from 2022-23 to support the 5% pay offer and a further £120.6m of capital funding in 2022-23 and 2023-24 which will be baselined as General Revenue Grant from 2024-25 onwards to ensure that everyone receives an increase of at least £1,925 or £2,000 (dependent on spinal column point). Although part of this is capital funding, the Council will require to make a few substitutional accounting adjustments so for the purposes of the outlook, the total additional funding for pay has been built into the outlook.
- 1.5 There are no changes to my previous assumptions around the growth in Council Tax. For 2023-24 the Council tax base has been assumed to grow by 1% in the worst case scenario, 1.5% in the mid-range scenario and 2% in the best case. In future years this then drops down to 0.25% in the worst case scenario, 0.5% in the mid-range scenario and 0.75% in the best case.
- 1.6 As reported in October, the budget outlook includes an adjustment to the base budget in relation to the 2022-23 pay award. The budget outlook in October reflected the estimated net impact pending confirmation of additional Scottish Government funding. The gross amount is now included within the base budget adjustment with the funding reflected in the funding section.
- 1.7 The employee cost assumptions have been updated as Financial Services have concluded their salary template exercise costing the establishment for 2023-24. There is an overall decrease to previous employee cost estimates of £0.760m which includes a decrease to the employee base, mainly in Education due to teacher entitlement and changes in spinal column points within schools settings and year on year reductions in ELC hours.
- 1.8 The assumptions for pay inflation and increments remain as reported in

October but have been updated following the salary template exercise.

- Pay inflation for 2023-24 has been updated to 3.5% within the mid-range scenario based on the current 2022-23 pay negotiations which require the Council to fund a 3.5% increase in the current year. The best case and worst case scenarios remain at 2% and 5% respectively.
- Pay inflation for 2024-25 onwards reverts back to 2% in the mid-range and best case scenario, and 5% in the worst case scenario as previously reported.
- Increments reflect the actual cost calculated within 2023-24 with the best case in future years half of the current cost and the mid-range and worst case the same as the current cost.

- 1.9 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios with a contingency of £0.250m built into the mid-range. A further general inflationary increase has been built into the worst case scenario. The estimates for non-pay inflation have increased by £0.080m with the main increases being utilities.
- 1.10 There are a number of cost and demand pressures for Council services built into each scenario and the cost has increased by £0.705m in 2023-24 which mainly relates to the increase cost for tipping fees and haulage for Helensburgh and Lomond waste.
- 1.11 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.12 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2022, indicative allocations for 2023-24 to 2024-25 were agreed on the basis of a flat cash allocation. In the budget outlook I have assumed flat cash allocations across all three scenarios.
- 1.13 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustments, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £53.306m with a gap of £13.853m in 2023-24. This is an extremely challenging budget gap of a value that the Council have not seen for a significant number of years. The increase to pay award as well as the rising costs of inflation are the two significant factors contributing to this large budget gap.
- 1.14 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 3% and 9% (6% mid-range).
 - 3% reduction to the Live Argyll Management Fee.
 - Savings options agreed in February 2021 and February 2022 that impact on 2023-24 and beyond.
 - Proposed increase to Council Tax (3% in all scenarios).
 - Emerging savings options as part of 2023-24 budget setting process as

detailed at 4.8.3.

- 1.15 In the mid-range scenario, after accounting for all measures to balance the budget, including some that will require Member approval, the revised budget gap estimated over the five year period 2023-24 to 2027-28 is £32.156m with a gap of £3.234m in 2023-24.
- 1.16 The budget gap in the best case scenario over the five years is £16.917m with a surplus of £1.744m in 2023-24 and in the worst case scenario, the budget gap over the five years is £73.268m with a gap of £15.991m in 2023-24. A summary of all three scenarios is included within Appendix 1.
- 1.17 Officers are continuing to explore further savings and income generating options which will be reported via the Budget Working Group and brought forward to the Council budget meeting in February.
- 1.18 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2023-24 to 2027-28.

BUDGET OUTLOOK 2023-24 TO 2027-28

2. INTRODUCTION

2.1 This report provides an update to the budget outlook 2023-24 to 2027-28, reported to the Policy and Resources Committee on 13 October 2022.

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

3. RECOMMENDATIONS

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

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

4.1.1 There are no changes to my previous assumptions around the level of future Scottish Government funding, with the exception of the additional funding associated with the pay award as noted in paragraph 4.1.2. In my report in June, I advised that the Resource Spending review indicated that Local Government is expected to receive a flat cash settlement up to 2026-27. The flat cash position is at portfolio level and does not include any transfers to Local Government from other portfolios in-year. These transfers are likely not be confirmed until December 2022 and that, along with the fact that due to our declining population our settlement is usually worse than the average, lead me to the funding assumptions built into the outlook. The funding assumptions range between a 0.5% reduction (best case) and 1.5% (worst case) with a mid-range reduction of 1.0%.

4.1.2 In respect of the 2022-23 pay award, the Scottish Government has agreed to provide an additional £140m of recurring resource from 2022-23 to support the 5% pay offer and a further £120.6m of capital funding in 2022-23 and 2023-24 which will be baselined as General Revenue Grant from 2024-25 onwards to ensure that everyone receives an increase of at least £1,925 or £2,000 (dependent on spinal column point). Although part of this is capital funding, the Council will require to make a few substitutional accounting adjustments so for the purposes of the outlook, the total additional funding for pay has been built into the outlook.

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

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
% Change to Funding	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Estimated SG Funding Reduction	(2,016)	(2,143)	(2,122)	(2,101)	(2,080)
Pay Award Additional Funding*	3,749	3,729	3,692	3,655	3,618
Estimated SG Funding	218,079	215,916	213,757	211,619	209,502

*It should be noted that the pay award funding noted above relates to the share that the Council would retain based on a proportionate share being passed over to the HSCP. However, the amount passed to the HSCP is for Members to consider and within the budget pack in February, the total gross funding will be presented with an increase to the HSCP payment.

Council Tax

4.1.3 The Council Tax budget for 2022-23 was set at £55.262m which reflected a 3% inflation increase and 1.5% growth in the Council Tax base as agreed by the Council on 24 February 2022.

4.1.4 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that a 1.5% growth in the mid-range (1% in worst case and 2% in best case) should be maintained for 2023-24 with the drop down to 0.5% in the mid-range in 2024-25.

4.1.5 Within this report, I will present the budget gap, prior to any Member based decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2022-23.

4.1.6 The table below summarises the estimated total funding in the mid-range scenario.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Estimated SG Funding	218,079	215,916	213,757	211,619	209,502
Council Tax Base	55,262	55,262	55,262	55,262	55,262
Council Tax Growth	829	1,109	1,391	1,674	1,959
Total Estimated Funding	274,170	272,287	270,410	268,555	266,723

4.2 Base Budget

4.2.1 The 2022-23 budget approved by Council on 24 February 2022 was £262.812m.

4.2.2 As reported in October the budget outlook includes an adjustment to the base budget in relation to the 2022-23 pay award. The pay award for 2022-23 has concluded for SJC employees. While negotiations in relation to Teachers and Chief Officers are ongoing an estimated cost on the same basis as SJC

employees results in an increase of £5.873m to the base budget.

- 4.2.3 For future years, there are adjustments required to the base budget from decisions by Council on 24 February 2022 and other adjustments, including the pay award detailed in paragraph 4.2.2, as noted in the table below:

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Base Budget 2022-23	262,812	262,812	262,812	262,812	262,812
Additional Funding in Finance Order (see paragraph 4.1.4)	6,315	6,315	6,315	6,315	6,315
Additional budget required in relation to the Teachers Pay Settlement 2021-22 (see paragraph 4.1.5)	121	121	121	121	121
Remove one off 2022-23 Election costs	(350)	(350)	(350)	(350)	(350)
Remove one off 2022-23 Management/Operational savings	2,174	2,182	2,182	2,182	2,182
2022-23 Pay Award	5,873	5,873	5,873	5,873	5,873
Revised Base Budget	276,945	276,953	276,953	276,953	276,953

4.3 Employee Cost Changes

Detail employee cost update exercise

- 4.3.1 Financial Services have populated salary templates with details of the current staff establishment and where necessary liaised with budget holders to confirm their staff. The templates calculate the next years pay bill, including superannuation and national insurance contributions, using the assumptions for pay award and increments as noted above.
- 4.3.2 In terms of the level of employee budgets for 2023-24, the expectation would be that the budget would reflect the 2022-23 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2023-24 there is an overall decrease to previous employee cost estimates of £0.648m for Council Services (excluding Social Work) and this mainly relates to decrease in Education due to teacher entitlement and changes in spinal column points within schools settings and year on year reductions in ELC hours. Note that the Pupil Teacher ratio adjustment may impact the employee base and this will be calculated once census data is received at the end of November.

Pay Award

- 4.3.3 The agreed proposal for SJC employees is based on a 5% undifferentiated pay offer, which includes a £3,000 cap for those earning above £60,000 based on a 37 hour week, and a commitment to ensure that everyone receives an increase of at least £1,925 or £2,000 depending on spinal column point. The Council is required

to fund a further 1.5% of the increase having already built 2% into the previously reported budget outlook. Based on this, the budget outlook has been updated to assume an increase of 3.5% again in 2023-24 as it is likely that the cost of living crisis will continue into next year and there will continue to be a requirement to increase the pay offer above the 2% that was previously estimated. The pay inflation estimate in 2023-24 is £5.155m.

- 4.3.4 For future years beyond 2023-24, the pay assumption reverts back to 2% in both the mid-range and the best case, reflecting that current indications are that inflation rates should begin to fall during 2023-24 and also that 2% is deemed to be affordable. For scenario purposes, 5% has been built into the worst case.

Increments

- 4.3.5 There are no changes to my previous assumption around the cost of employee increments. It has been assumed that for future years, the best case is half of the previous year cost, for mid-range and worst case, it will be equal to the cost in 2022-23 (£0.657m).

Reversal of National Insurance Increase

- 4.3.6 It was announced by the UK Government on 22 September 2022, that the 1.25% rise in National Insurance (both employers and employees) that was implemented in April 2023 will be reversed from 6 November 2022 and therefore this can be removed from the budget estimates going forward.
- 4.3.7 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Pay Award	5,155	8,204	11,314	14,486	17,721
Increments	657	1,314	1,971	2,628	3,285
Reversal of National Insurance Increase	(858)	(858)	(858)	(858)	(858)
Change to employee base	(648)	(648)	(648)	(648)	(648)
Total Employee Cost Changes	4,306	8,012	11,779	15,608	19,500

4.4 Non-Pay Inflation

- 4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable. In terms of the budget outlook, only unavoidable/inescapable non-pay inflation is built into the best case and mid-range scenarios with a general inflation allowance over and above this built into the worst case.
- 4.4.2 Given the current instability around inflation rates officers continue to review areas of non-pay inflation of significant value and volatility on an ongoing basis. The

principle of only budgeting for unavoidable/inescapable remains, however, it has to be noted that in this current financial climate, some budgets with no inflation allowed for are now stretched beyond the point of containing the cost within budget and therefore the budget will now buy less than what it used to be able to buy (so in effect, we will see some cuts as a result).

- 4.4.3 When creating a budget outlook for future years, there is a risk that inflation assumptions could change during the year. Due to the current inflation uncertainty, it would be prudent to include a contingency for other inflation increases not included in the calculations. A contingency allowance of £0.500m is included within the worst case scenario and a £0.250m allowance included within the mid-range scenario each year. No contingency is included within the best case scenario. This contingency will either be required, reduced or removed to reflect changing circumstances before the 2023-24 budget process.
- 4.4.4 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services since last reported on 13 October 2022 with more detail available in Appendix 2. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

Inflation Category	2023-24 Previous estimates £000	2023-24 Updated estimates £000	Increase £000
Utilities - Electricity, Gas, Oil, Water	1,314	1,219	(95)
Street Lighting Electricity	116	175	59
Vehicle Fuel	60	60	0
Central Repairs - Outside Contractors	66	66	0
Waste PPP/Landfill Tax	502	502	0
NPDO/HUB Schools	1,074	972	(102)
Community Pool Subsidies	70	80	10
Residential Schools	90	90	0
Pre-Primary Partner Providers	181	356	175
ICT	155	172	17
Catering Purchases and Milk	306	306	0
Insurance	146	162	16
Bitumen – Roads	159	159	0
Contingency for unidentified/insufficient inflation estimate	250	250	0
Total	4,489	4,569	80

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

	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Unavoidable/Inescapable	7,807	11,356	15,251	19,530
Total Non-Pay Inflation	7,807	11,356	15,251	19,530

4.5 Cost and Demand Pressures

4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services which were reported as part of the budget in February 2022. Since the Policy and Resources Committee on 13 October 2022 the following changes have been made to the cost and demand pressures:

- New – Increase to tipping fees and haulage costs for Helensburgh & Lomond residual waste.
- New – New IFRS16 system to manage leases as required by new accounting standard.
- New – Implementation of new payroll system as support for the current system will cease.
- New – IT support contract ceased with ACHA.
- New – Helensburgh Leisure Development two hour free parking.
- Amended – Additional Cost for Oracle Fusion.
- Amended – pressure in 2023-24 for HR System.
- Amended – Additional costs derived from the current waste model.
- Amended – Increased cost of salt for Winter Maintenance.
- Amended – Removal of sustainable rate cost pressure for Early Learning and Childcare in 2023-24 only.
- Removed – Compliance with BMW ban. No impact in 2023-24.

Officers have identified a significant shortfall in income within piers and harbours, the most significant being in relation to Craignure. It appears to be related to Calmac using smaller/less tonnage vessels resulting in a reduced berthing charge as well as a reduction in passenger numbers. The service are investigating the position further and will look to get a meeting with Transport Scotland to discuss and understand whether the use of smaller/less tonnage vessels will continue. There is likely to be a recurring cost pressure that will need to be built into the budget outlook and considered as part of the budget process.

Depending on what option is pursued in respect of the BMW there will be a revenue and capital cost pressure totalling at least £4.4m for the period January 2023 to September 2026 (see EDI report 1 December for more information). It is recommended that this is considered as part of the budget process. Beyond this time, there is likely to be a significant revenue cost pressure for the new operating model going forward. Officers are in the early stages of assessing the operating model costs which will include, EFW gate fee costs, haulage cost and the operations at the existing PPP sites, which will be offset by a reduction in landfill costs. There will need to be consideration given as to whether the existing PPP sites will be managed in-house or outsourced. The cost pressure post-BMW Ban

will be reported to Members as soon as is practically possible.

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

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
Oracle Fusion	40	40	40	40	40
IFRS16 Leasing System	15	15	15	15	15
Payroll System Implementation	85	0	0	0	0
ASN Support	0	75	206	206	206
SEEMiS Membership Fees	9	11	13	16	16
Sustainable rate for partner providers	0	327	327	327	327
Election costs	0	0	0	0	300
HR System	150	(50)	(50)	(50)	(50)
Waste	156	49	243	(86)	284
Increase to tipping fees and haulage costs for H&L residual waste	646	646	646	646	646
Local Development Plan	0	50	0	50	0
House Loans	19	19	19	19	19
Parking	15	15	15	15	15
IT – Increased bandwidth in schools	26	26	26	26	26
IT support contract with ACHA ceased	40	40	40	40	40
Salt for Winter Maintenance	196	196	196	196	196
Cessation of red diesel	78	78	78	78	78
Helensburgh Leisure Development – 2 hour free parking	24	24	24	24	24
Insurance	414	414	414	414	414
Allowance for pressures in future years	250	500	750	1,000	1,250
Total Cost and Demand Pressures	2,203	2,555	3,122	3,136	4,046

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

4.6 Health and Social Care Partnership

- 4.6.1 The Council, at the budget meeting on 24 February 2022, agreed a base allocation to the HSCP of £69.005m for 2022-23 as well as indicative flat cash allocations for 2023-24 to 2026-27. On 2 March 2022 the Local Government Finance Circular 1/2022 was published which distributed additional funding of which £4.037m was required to be passed to the HSCP, therefore their allocation increased from £69.005m to £73.042m.
- 4.6.2 In the financial monitoring pack presented to the P&R Committee on 8 December 2022, there is a recommendation that Members give consideration as to what share of the Scottish Government allocations of the £140m Revenue and £120.6m Capital funding in 2022-23 towards the SJC pay award should be passed to the HSCP. If a proportionate share is passed to the HSCP this equates to £0.490m and £0.422m respectively. The Council will need to consider whether any funding passed to the HSCP is baselined within 2023-24.
- 4.6.3 In the budget outlook, I have assumed flat cash allocations across all scenarios. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 4.6.4 Social Work services have already identified a number of cost and demand pressures and these are summarised below and included within Appendix 4 for information purposes. It is expected that the HSCP absorb their cost and demand pressures from their funding allocation. Note that these only extend to three years rather than the five years within this Council budget outlook.

	2023-24	2024-25	2025-26
	£000	£000	£000
Pay Inflation	1,174	1,868	2,576
Pay Increments	103	206	309
Non-Pay Inflation	3,590	7,038	10,562
Care Services for Younger Adults	416	842	1,276
Adult Services - Supported Living	913	1,825	2,738
Continuing Care for Looked After Children	0	250	500
Unknown Cost and Demand Pressures	750	750	750
Total Cost Increase estimates for Social Work	6,946	12,779	18,711

4.7 Estimated Budget Gap PRIOR to Measures to Balance the Budget

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

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Base Budget	276,945	276,953	276,953	276,953	276,953
Employee Cost Changes	4,306	8,012	11,779	15,608	19,500
Non-Pay Inflation	4,569	7,807	11,356	15,251	19,530
Cost and Demand Pressures	2,203	2,555	3,122	3,136	4,046
Total Estimated Expenditure	288,023	295,327	303,210	310,948	320,029
Estimated Funding	274,170	272,287	270,410	268,555	266,723
Estimated Budget Surplus / (Gap) Cumulative	(13,853)	(23,040)	(32,800)	(42,393)	(53,306)

4.8 Measures to Balance the Budget

- 4.8.1 In previous years, a general inflationary increase of 3% has been applied to fees and charges. Within the last reported budget outlook a range of between 2% (worst case) and 4% (best case) with a mid-range of 3% was included. However, in light of the increasing inflation we are experiencing on many cost areas, the calculations have now been updated to a range of between 3% (worst case) and 9% (best case) with a mid-range of 6%. This results in additional income of £0.390m in 2023-24 in the mid-range scenario.
- 4.8.2 A number of savings options were agreed in February 2021 and February 2022 that impact on 2023-24 and beyond. These are now factored into the budget outlook, reducing the budget gap.
- 4.8.3 The Executive Leadership Team have been exploring savings and income generating options to bridge the budget gap in 2023-24 and beyond. A number of management/operational savings are summarised within Appendix 5 and amount to £2.322m in 2023-24. A high level saving of £0.700m in Education linked to pupil teacher numbers has also been identified and further work is being carried out to substantiate this saving and further detail will be brought forward in due course. Officers have previously advised that Scottish Government have now granted a flexibility relating to the accounting treatment of service concessions and this will give rise to a recurring saving until the end of the life of the current service concessions. A paper with further detail on the service concessions flexibility which will include a retrospective gain will be reported to Council as part of the budget. Officers are continuing to explore further savings and income generating options which will be reported via the Budget Working Group and brought forward to the Council budget meeting in February.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Management/Operational Savings (see Appendix 4)	2,322	636	636	636	636
Education saving based on forecast pupil numbers	700	700	700	700	700

Service concessions	4,803	4,833	5,001	5,477	6,113
New Savings	7,825	6,169	6,337	6,813	7,449

- 4.8.4 As part of the pay negotiations, the Deputy First Minister confirmed an additional £140m of General Revenue Grant from 2022-23 onwards which went towards the 5% pay offer. This still left a gap in Local Government of circa £140m (based on most Councils having budgeted for a 2% increase). It was agreed that the Scottish Government in consultation with COSLA would explore further flexibilities that would enable the gap in pay costs to be funded. The Deputy First Minister wrote to COSLA on 1 November 2022 in respect of the additional flexibilities and outlined that “it is for individual councils, as democratically elected bodies, to consider the needs of their communities, with a focus on the most vulnerable, their legal obligations and the totality of resource funding available to them, and to then take the decisions necessary, openly and transparently, to operate as effectively as possible.” This does appear to offer Councils much more flexibility to look at service areas that were protected in the past and officers will now give this consideration as they continue to develop options for Members to consider as part of the budget process.
- 4.8.5 In terms of Council Tax, a 3% increase has been assumed across all scenarios, this being the increase applied in 2022-23. It will be a matter for Council to decide the level of Council Tax increase.
- 4.8.6 In respect of Live Argyll, at the budget meeting on 24 February 2022, Council agreed to defer the proposed 3% reduction in the management fee for 2022/23 and noted that this will be applied in 2023-24 and will be subject to any future budget decisions. 3% of the 2022-23 management fee equates to £0.122m and this reduction has been built into the budget outlook from 2023-24 onwards. No further reduction has been built in, this would be a matter for Council to consider.
- 4.8.7 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Fees and Charges Increase	838	1,686	2,545	3,416	4,298
Management/Operational Savings Feb 2021	20	20	20	20	20
Policy Savings Feb 2021	128	128	128	128	128
Policy Savings Feb 2022	3	6	6	6	6
New Savings Proposed	7,825	6,169	6,337	6,813	7,449
Council Tax Increase	1,683	3,450	5,278	7,170	9,127
Reduction to Live Argyll Management Fee	122	122	122	122	122
Total Measures to Balance the Budget	10,619	11,581	14,436	17,675	21,150

4.9 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(13,853)	(23,040)	(32,800)	(42,393)	(53,306)
Savings Measures	10,619	11,581	14,436	17,675	21,150
Estimated Budget Surplus / (Gap) Cumulative	(3,234)	(11,459)	(18,364)	(24,718)	(32,156)
Estimated Budget Surplus / (Gap) In Year	(3,234)	(8,225)	(6,905)	(6,354)	(7,438)

- 4.9.2 In the mid-range scenario, after accounting for all measures to balance the budget, including those that will require Member approval, the revised budget gap estimated over the five year period 2023-24 to 2027-28 is £32.156m with a gap of £3.234m in 2023-24.
- 4.9.3 The budget gap in the best case scenario over the five years is £16.917m with a surplus of £1.744m in 2023-24 and in the worst case scenario, the budget gap over the five years is £73.268m with a gap of £15.991m in 2023-24. A summary of all three scenarios is included within Appendix 1.
- 4.9.4 The changes from the previous anticipated outlook reported to the Policy and Resources Committee on 13 October 2022 are summarised in the table below:

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Previously reported budget surplus / (gap) Cumulative	(7,284)	(13,619)	(21,274)	(27,210)	(33,011)
2022-23 Pay Award cost & funding refined	(12)	(32)	(69)	(106)	(143)
Removal of Principal Repayment Holiday Impact	162	170	179	188	197
Employee Cost Changes following Salary Template Exercise	760	849	939	1,031	1,124
Reversal of National Insurance Increase	858	858	858	858	858
Adjustment to Non Pay Inflation	(80)	(601)	(1,232)	(1,992)	(2,902)
Adjustments to Cost and Demand Pressures	(705)	(387)	672	382	(1,138)
Fees and Charges Adjustment	92	184	276	368	460
New Savings Options	2,975	1,119	1,287	1,763	2,399
Rounding					

Revised Budget Surplus / (Gap) Cumulative	(3,234)	(11,459)	(18,364)	(24,718)	(32,156)
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4.10 Budget Working Group

- 4.10.1 As part of the 2021-22 and 2022-23 budgets, a cross party Budget Working Group (BWG) was established comprising of six Members from the administration, three Members from the opposition and two Trade Union representatives. The BWG did not have any decision making authority but could report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose was to engage with officers and provide scrutiny on the identification of savings options as they are developed.
- 4.10.2 Given the significant budget gap over the next five years it was agreed at Policy and Resources Committee on 16 June 2022 that a similar group will be established to support the 2023-24 budget approach. The group now meet regularly to discuss the up to date budget gap and options to deliver a balanced budget.

5. CONCLUSION

- 5.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustments, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £53.306m with a gap of £13.853m in 2023-24. This is an extremely challenging budget gap of a value that the Council have not seen for a significant number of years. The increase to pay award as well as the rising costs of inflation are the two significant factors contributing to this large budget gap.
- 5.2 After accounting for all measures to balance the budget, including those that will require Member approval, the revised budget gap estimated over the five year period 2023-24 to 2027-28 is £32.156m with a gap of £3.234m in 2023-24.
- 5.3 Officers are continuing to explore further savings and income generating options which will be reported via the Budget Working Group and brought forward to the Council budget meeting in February.
- 5.4 This is a very challenging budget outlook position and the level of Scottish Government funding could alter the position significantly. The Depute First Minister has announced that the Scottish Budget will be published on 15 December ahead of the Finance Circular being issued on the 19 December, however, this announcement was made prior to the UK Autumn Budget Statement being delayed, therefore clarity is currently being sought as to whether this will impact the publication dates of the Scottish Budget.

6. IMPLICATIONS

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

Kirsty Flanagan
Executive Director/Section 95 Officer
29 November 2022

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

APPENDICES:

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

Appendix 2 – Non Pay Inflation

Appendix 3 – Cost and Demand Pressures (Council Services)

Appendix 4 – Cost and Demand Pressures (Social Work)

Appendix 5 – NEW Management/Operational Savings

For further information contact Anne Blue, Head of Financial Services
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	Best Case Scenario					Mid-Range Scenario					Worst Case Scenario				
	2023-24	2024-25	2025-26	2026-27	2027-28	2023-24	2024-25	2025-26	2026-27	2027-28	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127	269,127
Base Budget Adjustments	7,818	7,826	7,826	7,826	7,826	7,818	7,826	7,826	7,826	7,826	7,818	7,826	7,826	7,826	7,826
Revised Base Budget	276,945	276,953	276,953	276,953	276,953	276,945	276,953	276,953	276,953	276,953	276,945	276,953	276,953	276,953	276,953
Pay Award	2,946	5,951	9,016	12,142	15,331	5,155	8,204	11,314	14,486	17,721	7,364	15,097	23,216	31,741	40,692
Pay Increments	657	986	1,314	1,643	1,971	657	1,314	1,971	2,628	3,285	657	1,314	1,971	2,628	3,285
Additional Teacher Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reversal of NIC Increase	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)
Adjustment to Employee Base	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)	(648)
Total Employee Cost Changes (Council Services)	2,097	5,431	8,824	12,279	15,796	4,306	8,012	11,779	15,608	19,500	6,515	14,905	23,681	32,863	42,471
Non-Pay Inflation - Council Services	4,139	7,162	10,463	14,072	18,024	4,569	7,807	11,356	15,251	19,530	6,600	11,655	17,056	22,843	29,060
Housing Benefits Admin Grant	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Oracle Fusion running costs	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
IFRS16 Implementation	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
New Payroll System Implementation	85	0	0	0	0	85	0	0	0	0	85	0	0	0	0
ASN Support	0	0	198	198	198	0	75	206	206	206	0	145	444	444	444
SEEMIS Membership Fees	9	11	13	16	16	9	11	13	16	16	9	11	13	16	16
Sustainable Rate for Partner Providers	0	327	327	327	327	0	327	327	327	327	0	327	327	327	327
Election Costs	0	0	0	0	250	0	0	0	0	300	0	0	0	0	350
Software support for a new HR system & Backfill for project team.	100	(50)	(50)	(50)	(50)	150	(50)	(50)	(50)	(50)	200	(50)	(50)	(50)	(50)
Waste	88	39	165	(107)	193	156	49	243	(86)	284	224	59	321	(65)	374
Waste - Increase to tipping fees/haulage in H&L	478	478	478	478	478	646	646	646	646	646	839	839	839	839	839
Planning (Local Development Plan)	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
House Loans	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Parking	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
IT - increased bandwidth in schools	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
IT - support contract with ACHA ceased - loss of income	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Increase in cost of Salt for Winter Maintenance	176	176	176	176	176	196	196	196	196	196	216	216	216	216	216
Cessation of Red Diesel usage	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
2 hour free parking at Helensburgh Pool - loss of income	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Rightsize Council insurance budgets	414	414	414	414	414	414	414	414	414	414	414	414	414	414	414
Allowance for Cost and Demand Pressures Future Years	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
Total Cost and Demand Pressures	1,647	1,782	2,098	1,919	2,459	2,203	2,555	3,122	3,136	4,046	2,784	3,348	4,401	4,608	5,887
Total Estimated Expenditure PRIOR to measures to balance the budget	284,828	291,328	298,338	305,223	313,232	288,023	295,327	303,210	310,948	320,029	292,844	306,861	322,091	337,267	354,371
Scottish Government Grant	214,895	213,821	212,752	211,688	210,629	213,817	211,679	209,562	207,466	205,391	212,736	209,545	206,402	203,305	200,256
Specific Funding for Additional Teachers	515	512	509	506	503	513	508	503	498	493	510	502	494	487	480
Additional Funding in relation to 2022-23 Pay Award	3,749	3,739	3,720	3,701	3,682	3,749	3,729	3,692	3,655	3,618	3,749	3,719	3,663	3,608	3,554
Council Tax	56,367	56,790	57,216	57,645	58,077	56,091	56,371	56,653	56,936	57,221	55,815	55,955	56,095	56,235	56,376
Total Funding	275,526	274,862	274,197	273,540	272,891	274,170	272,287	270,410	268,555	266,723	272,810	269,721	266,654	263,635	260,666
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(9,302)	(16,466)	(24,141)	(31,683)	(40,341)	(13,853)	(23,040)	(32,800)	(42,393)	(53,306)	(20,034)	(37,140)	(55,437)	(73,632)	(93,705)
Measures to Balance the Budget:															
Fees and Charges	1,257	2,529	3,818	3,416	6,447	838	1,686	2,545	3,416	4,298	419	843	1,273	1,708	2,149
Live Argyll - 3% decrease to management fee	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122
Management/Operational Savings agreed February 2021	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Policy savings agreed February 2021	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
Policy savings reported Agreed February 2022	3	6	6	6	6	3	6	6	6	6	3	6	6	6	6
Council Tax Increase	1,691	3,445	5,265	7,152	9,109	1,683	3,425	5,227	7,092	9,021	1,674	3,403	5,188	7,031	8,933
Council Tax Increase (Growth element)	0	34	69	105	143	0	25	51	78	106	0	17	34	52	70
NEW Management/Operational Savings	2,322	636	636	636	636	2,322	636	636	636	636	3	6	6	6	6
NEW Teachers Savings	700	700	700	700	700	700	700	700	700	700	1,674	3,403	5,188	7,031	8,933
NEW Service Concessions Savings	4,803	4,833	5,001	5,477	6,113	4,803	4,833	5,001	5,477	6,113	0	17	34	52	70
Total Measures to Balance the Budget	11,046	12,453	15,765	17,762	23,424	10,619	11,581	14,436	17,675	21,150	4,043	7,965	11,999	16,156	20,437
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	1,744	(4,013)	(8,377)	(13,921)	(16,917)	(3,234)	(11,459)	(18,364)	(24,718)	(32,156)	(15,991)	(29,175)	(43,439)	(57,476)	(73,268)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	1,744	(5,757)	(4,364)	(5,544)	(2,997)	(3,234)	(8,225)	(6,905)	(6,354)	(7,438)	(15,991)	(13,184)	(14,264)	(14,038)	(15,792)

NON-PAY INFLATION (COUNCIL)

Appendix 2

Service	Category	Basis of Inflation	Inflation Percentage	Mid Range 2023/24
Council Wide	Electricity	Due to current market condition for electricity 30% increase mid range, with a 0.5% tolerance for best and worst case.	30.00%	721,852
Council Wide	Gas	Due to current market condition for gas 50% increase mid range, with a 0.5% tolerance for best and worst case.	50.00%	247,358
Council Wide	Heating Oils	Due to current market condition for heating oils 50% increase mid range, with a 0.5% tolerance for best and worst case.	50.00%	133,424
Council Wide	Solid Fuel	Due to current market condition for solid fuel 25% increase mid range, with a 0.5% tolerance for best and worst case.	25.00%	57,594
Council Wide	Water Charges	Current rate of inflation with a 0.5% tolerance for best and worst case.	10.10%	59,103
Council Wide	Vehicle Fuel	Historic rate carried forward from last year - will be reviewed during 2022-23	4.97%	60,453
Council Wide	Central Repairs - Outside Contractors	Based on labour and materials costs survey data from the Royal Institute of Chartered Surveyors (RICS) and information from the property team on the typical allocation of their costs between labour and materials.	3.39%	65,993
Council Wide	Contingency for unidentified/insufficient inflation estimate	£250k built in to mid-range and £500k built in to worst case scenario		250,000
Council Wide	Insurances	Current rate of inflation with a 0.5% tolerance for best and worst case.	10.10%	162,172
Council Wide Total				1,757,949
			9.86%	356,339
Education	Pre-Primary Partner Provider Uplift	Reflects estimated rate based on a combination of the recently announced increase in the Real Living Wage rate for staff costs and relevant uplifts for non-staff costs.		
Education	External School Placements	Based on prior year uplifts	8.00%	90,261
Commercial Services	Catering Purchases	Figure used by facility services based on national estimates for year 1 with a 0.5% tolerance for best and worst case.	15.00%	306,596
Legal & Regulatory Support	Leisure SLA-MAKI/Islay Pools	Based on RPI at February 2022 with a 0.5% tolerance in the best and worst case scenarios.	8.18%	13,757
Legal & Regulatory Support	Leisure SLA-Atlantis	Based on RPI at May 2022 with a 0.5% tolerance in the best and worst case scenarios.	11.86%	65,701
Legal & Regulatory Support	NPDO-Variable Element	Based on year on year RPI uplift with a 0.5% tolerance for best and worst case.	8.18%	599,843
Legal & Regulatory Support	NPDO-Utilities Rebate	RPI at February 2022 with a 0.5% tolerance for best and worst case.	8.20%	-23,945
Legal & Regulatory Support	NPDO-Electricity	Due to current market condition for electricity 30% increase mid range, with a 0.5% tolerance for best and worst case.	30.00%	134,896
Legal & Regulatory Support	NPDO-Gas	Due to current market condition for gas 50% increase mid range, with a 0.5% tolerance for best and worst case.	50.00%	79,654
Legal & Regulatory Support	NPDO-Heating Oil	Due to current market condition for heating oils 50% increase mid range, with a 0.5% tolerance for best and worst case.	50.00%	34,401
Legal & Regulatory Support	NPDO-LPG	Due to current market condition for LPG 25% increase mid range, with a 0.5% tolerance for best and worst case.	25.00%	17,967
Legal & Regulatory Support	NPDO-Water	Current rate of inflation with a 0.5% tolerance for best and worst case.	10.10%	35,412
Legal & Regulatory Support	HUB-Variable Element	Based on year on year RPI uplift with a 0.5% tolerance for best and worst case.	8.18%	93,883
Executive Director Douglas Hendry - Total				1,804,765
Customer and Support Services	ICT	Historic rate carried forward from last year - will be reviewed during 2022-23	15.00%	172,135
Roads and Infrastructure	Waste PPP-Private Contractor Inflation	Based on RPIX at February 2022 with a 0.5% tolerance for best and worst case.	7.09%	465,049
Roads and Infrastructure	Waste PPP-Central Government Inflation	Based on Landfill Tax increase between 21/22 and 22/23 with a 0.5% tolerance for best and worst case.	1.96%	36,765
Roads and Infrastructure	Roads - Bitumen for Road Surfacing	Based on price increases in 2022/23 with a 0.5% tolerance for best and worst case.	40.00%	158,512
Roads and Infrastructure	Electricity - Street Lighting	Due to current market condition for electricity 30% increase mid range, with a 0.5% tolerance for best and worst case.	30.00%	174,458
Executive Director Kirsty Flanagan - Total				1,006,919
Total Non-Pay Inflation in the Mid Range				4,569,633

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

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2021 and will not be completed until 2024. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. The Council's caseload has reduced marginally since implementation of Universal Credit but it is hard to predict just how quickly the rest of the working age caseload will migrate from Housing Benefit to Universal Credit between now and 2024. These figures represent our best estimates at this time.	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Chief Executive's Unit	Financial Services	Implementation of new financial ledger system - Oracle Fusion Project	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Chief Executive's Unit	Financial Services	Implementation of new IFRS16 system to manage leases and accounting requirements of the IFRS Finance Leases accounting standard.	15	15	15	15	15	15	15	15	15	15	15	15	15	15	
	Financial Services	Implementation of new Payroll System to manage the Council's monthly pay roll. Cost relates to the creation of a small project team for one year to configure and test the new system, prepare and test the data transfer from the current system and deliver end user training and post-implementation support to the payroll team.	85	0	0	0	0	85	0	0	0	0	85	0	0	0	0
Executive Director - Douglas Hendry	Education	The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. It is anticipated that growth continues over the next 5 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.	0	0	198	198	198	0	75	206	206	206	0	145	444	444	444
Executive Director - Douglas Hendry	Education	The SEEMIS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2021/22 to 2025/26. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2023/24. Indicative membership fees were provided for financial years 2021/22 to 2022/23 and these have been factored in accordingly.	9	11	13	16	16	9	11	13	16	16	9	11	13	16	16
Executive Director - Douglas Hendry	Education	The Council has had a requirement to deliver 1140 hours of Early Learning and Childcare from August 2021. The Council has been notified that the ring fenced funding will be reduced by £1.124m from 2022-23. Also, as part of the 1140 expansion programme, the Scottish Government 'Funding Follows the Child' guidance, requires local authorities to set a rate locally that is paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement that allows them to deliver a high quality ELC experience for all children. This rate should be sustainable and reflect national policy priorities, including funding to enable payment of the real Living Wage to all childcare workers delivering the funded entitlement and have a margin for re-investment built in. The service has worked hard to mitigate the effects of this and has reduced expenditure as far as possible. However there remains a funding gap, the service are able to cover the over spend for 2022-23 and 2023-24 from carry forwards so the cost pressure is requested from 2024-25 onwards. The service will continually review their plans looking for efficiencies where possible.	0	327	327	327	327	0	327	327	327	327	0	327	327	327	327

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

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2027-28 £,000
Executive Director - Douglas Hendry	Legal and Regulatory Services	Estimated cost (to be borne by the Council) of carrying out local Government elections in May 2027 (and in financial year 2027/28). Operating approx. 100 polling stations and carrying out poll and count for 11 Multi member wards – requiring 11 separate counts	0	0	0	0	250	0	0	0	0	300	0	0	0	0	350
Executive Director - Kirsty Flanagan	HR	Costs for a project team for a new HR system & Backfill. This is a total new system build.	100	-50	-50	-50	-50	150	-50	-50	-50	-50	200	-50	-50	-50	-50
Executive Director - Kirsty Flanagan	Waste	Additional costs derived from the current waste model. Note that the treatment of waste going forward has not been fully costed due to uncertainty as to how the council will deal with the Bio Municipal Waste ban and the Deposit Return Scheme. Pressure has increased due to an updated waste model.	88	39	165	(107)	193	156	49	243	(86)	284	224	59	321	(65)	374
Executive Director - Kirsty Flanagan	Waste	Increase to tipping fees and haulage costs for H&L residual waste. Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in the cost.	478	478	478	478	478	646	646	646	646	646	839	839	839	839	839
Executive Director - Kirsty Flanagan	Planning	Local development plan will require to be done under the new Planning legislation which is a revised process from the current one and will have a 10 year life. The new process has 2 stages where there is likely to be a cost pressure - a gate check followed by an examination some time later.	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
Executive Director - Kirsty Flanagan	Housing	Rightsize budget for House Loans which is a historic budget which has simply been rolled forward year on year	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Executive Director - Kirsty Flanagan	Parking	Loss in income at Glen Loin Car park, Arrochar due to end of lease and responsibility for car park returning to owners, Luss Estates	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Executive Director - Kirsty Flanagan	IT	Increased bandwidth for schools to allow digital transformation to support the move to online learning	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Executive Director - Kirsty Flanagan	IT	IT Support contract ceased with ACHA. £40k income received from this annually will now not be received.	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Executive Director - Kirsty Flanagan	Roads	Increased cost of Salt for Winter Maintenance, average usage of 15,000 tonnes of salt over the winter period would equate to £163k of additional costs.	176	176	176	176	176	196	196	196	196	196	216	216	216	216	216
Executive Director - Kirsty Flanagan	Roads	Change at 1 April 2022 to stop the use of Red Diesel in certain vehicles has resulted in an unavoidable increase in fuel costs in Roads and Infrastructure.	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Executive Director - Kirsty Flanagan	Roads	Helensburgh Leisure Development - 2 hour free parking period resulting in the loss of parking income	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Council Wide	Council Wide	Rightsize budget for Council insurances which is a historic budget that requires to be increased in line with the current insurance costs.	414	414	414	414	414	414	414	414	414	414	414	414	414	414	414
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
TOTAL			1,647	1,782	2,098	1,919	2,459	2,203	2,555	3,122	3,136	4,046	2,784	3,348	4,401	4,608	5,887

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

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000
All Social Work	Estimated Pay inflation reflecting a best case of 2%, mid range of 3.5% and worst case of 5%.	671	1,355	2,053	1,174	1,868	2,576	1,677	3,438	5,287
All Social Work	Estimated Pay increments, best case is that 50% of the incremental changes based on 2022/23 are absorbed and in the mid-range and worst case, the increase is in line with the increase in 2022/23.	52	103	155	103	206	309	103	206	309
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	3,098	6,008	8,945	3,494	6,841	10,259	3,889	7,680	11,591
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	96	197	303	96	197	303	106	217	335
Adult Care	Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	173	348	525	346	700	1,061	519	1,055	1,608
Adult Care	Younger Adults Demand Growth - Physical Disability: There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	35	71	107	70	142	215	106	215	327
Adult Services	Learning Disability Budget Adjustment - The Learning Disability Supported Living budget is carrying a recurring unbudgeted commitment of circa £812k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care.	271	541	812	271	541	812	271	541	812
Adult Services	Further investment in Learning Disability Budget totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum given immediate and on-going budget pressures in this service area.	250	500	750	500	1,000	1,500	750	1,500	2,250
Adult Services	Physical Disability Budget Adjustment - The Physical Disability budget is carrying a recurring unbudgeted commitment of circa £316k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care.	105	211	316	105	211	316	105	211	316

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000	2023-24 £000	2024-25 £000	2025-26 £000
Adult Services	Mental Health Budget Adjustment - The Mental Health budget is carrying a recurring unbudgeted commitment of circa £197k which is contributing to the recurring overspend on the Social Work budget. To address this situation, it is proposed to realign the budget over the three year period from 2023/24 to 2025/26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care and any additional funding provided to address mental health issues as a consequence of the COVID pandemic.	37	73	110	37	73	110	37	73	110
Children and Families	Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario is that the expected additional demand can be funded from within existing resources as a result of planned improvements to the service delivery model (eg shift away from high cost external residential care to local foster and kinship care), the mid case reflects £250k per annum and the worst case reflects £500k per annum.	0	0	0	0	250	500	250	500	750
All Social Work	Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum.	0	0	0	0	0	0	0	0	0
Adult Services	Kintyre Care Centre - cost pressure as a result of transfer of KCC facility to HSCP Management.	750	750	750	750	750	750	900	900	900
TOTAL COST AND DEMAND PRESSURES		5,538	10,157	14,826	6,946	12,779	18,711	8,713	16,536	24,595

Service Area	Saving Summary	2023/24			2024/25			2025/26		
		Saving £'000	FTE	H/Count	Saving £'000	FTE	H/Count	Saving £'000	FTE	H/Count
Council Wide	Estimated saving in relation to additional voluntary contributions to the pension scheme.	100	0.0	0.0	100	0	0	100	0	0
Earmarked Reserves	Utilisation of Capital Fund to replace capital previously to be funded by earmarked reserves, thereby, releasing a one-off saving from earmarked reserves.	1,536	0.0	0.0	0	0	0	0	0	0
Commercial Services	Increase to commercial income and events	50	0.0	0.0	250	0	0	250	0	0
DEG - Development Management	Additional Planning Fees from major applications - one off saving. Note this could be increased to £390k if carry forward of 2022/23 additional income is allowed.	340	0.0	0.0	0	0	0	0	0	0
Roads and Infrastructure	Increase unbudgeted income from Commercial Waste (rightsizing of income budgets).	250	0.0	0.0	250	0	0	250	0	0
HR &OD	Pause A&B Manager programme for 1 year while the approach is redesigned which would provide a one-off saving then rightsizing would allow potential future recurring savings which cannot be quantified at this stage.	20	0.0	0.0	To be explored further			To be explored further		
Registrars	Introduced pilot for funerals service. The findings of the pilot will inform any future income projections. £6k represents the area the pilot is being undertaken for a limited time period.	6	0.0	0.0	6	0	0	6	0	0
Registrars	Reflecting on the pattern of income generated over the last 5 years.	10	0.0	0.0	10	0	0	10	0	0
Internal Audit	HSCP contract due for renewal in March 2024. Increase charge to HSCP for Internal Audit Services in line with benchmark of other Local Authorities.	0	0.0	0.0	10	0	0	10	0	0
Governance, Risk and Safety	10% inflation on recharge to HSCP for Governance Services.	10	0.0	0.0	10	0	0	10	0	0
		2,322	0.0	0.0	636	0.0	0.0	636	0.0	0.0

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND ECONOMIC
GROWTH****8 DECEMBER 2022**

ISLANDS COST CRISIS EMERGENCY FUND

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government, as part of its Emergency Budget Review, has allocated £1.4 million to Island Cost of Crisis Emergency funding, which aims to help island authorities take urgent action to support households through the cost of living crisis.
- 1.2 This funding is for 2022/23 financial year only, and will be allocated via a grant offer using 100% population formula across the six Local Authorities with responsibility for islands. At the time of writing this report the allocation per Local Authority has not yet been announced.
- 1.3 In order to ensure that this support reaches communities as quickly as possible once the allocation has been announced, this report recommends that the Policy and Resources Committee agree to delegate the arrangements for Argyll and Bute's allocation of this funding to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leader, Depute Leader, Leader of the largest Opposition Group and the Policy Lead for Islands.

2.0 RECOMMENDATIONS

It is recommended that the Policy and Resources Committee:-

- a. Note the funding announced by the Scottish Government as part of its Emergency Budget Review for 2022/23 financial year for Local Authorities with responsibility for islands; and
- b. Agree that arrangements for the fund be delegated to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leader, Depute Leader, Leader of the largest Opposition Group and the Policy Lead for Islands to ensure that the support reaches communities as quickly as possible.

3.0 DETAIL

- 3.1 The Scottish Government announced as part of its Emergency Budget Review that an allocation of £1.4 million will be provided to the six Local Authorities with

responsibility for islands.

- 3.2 The funding is for the 2022/23 financial year only. The fund is broken down by £1.1 million of resource and £300,000 of capital being released to provide the £1.4 million of funding to island authorities. The fund will be allocated via a direct grant, however, at the time of writing this report, the allocation for Argyll and Bute has not been confirmed.
- 3.3 The Scottish Government engaged with island authority partner providers to explore measures they are already carrying out to support households this winter and to see how support could align and complement what is already being planned.

4.0 CONCLUSIONS

- 4.1 The £1.4 million Islands Cost Crisis Emergency allocation will support those on islands facing even more significant cost of living challenges. Estimates indicate that Islands are facing around 20% to 66% higher costs of living than the UK average. High fuel costs, a colder climate and the lack of consumer choice is also intensifying the impact of the cost crisis. The delegation recommended will ensure that the Council can distribute this funding as quickly as possible, once Argyll and Bute's allocation has been confirmed.

5.0 IMPLICATIONS

- 5.1 Policy – The Scottish Government's £1.4 million Islands Cost Crisis Emergency allocation will support those on islands facing even more significant cost of living challenges.
- 5.2 Financial – Argyll and Bute's allocation of the £1.4 million fund has yet to be announced.
- 5.3 Legal – None.
- 5.4 HR – None.
- 5.5 Fairer Scotland Duty:
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands – The Islands Cost Crisis funding announced by the Scottish Government will help support our island communities who are facing a higher cost of living than the UK average.
- 5.6 Climate Change – None.
- 5.7 Risk – None.
- 5.8 Customer Service – This funding will ensure the Council are supporting our island communities and households across Argyll and Bute.

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

Policy Lead for Islands and Business Development: Councillor Liz McCabe

01 December 2022

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND ECONOMIC
GROWTH****8 DECEMBER 2022**

LOCAL AUTHORITY COVID ECONOMIC RECOVERY FUND UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 COSLA Leaders and Ministers agreed an £80m Local Authority COVID Economic Recovery (LACER) Fund available to Local Authorities in 2021/22. Argyll and Bute Council share of the funding was £1.449m. This funding was considered to be flexible by the Scottish Government and ultimately was designed to empower Local Authorities to deliver funding where they considered this best addressed local circumstances in terms of economic recovery and dealing with the cost of living crisis.
- 1.2 At the Council's Budget Meeting held on 24th February 2022, the Committee noted the announcement by the Scottish Government, and agreed to the delegation of Argyll and Bute Council's allocation of the funding to the Leader, Depute Leader and Leader of the largest Opposition Group.
- 1.3 Officers prepared a report with a suite of options and under the delegation agreed by Council, the Executive Director with overall responsibility met with the Leader, Depute Leader and Leader of the largest Opposition Group on 4 April 2022 to agree the suite of options, and an update on the options explored was presented to the Council at its meeting on 28th April 2022. This report provides all Members with an update on progress with the agreed options.

RECOMMENDATIONS

It is recommended that the Policy and Resources Committee:-

- a. Note the progress to date with the suite of previously agreed options for the LACER funding.
- b. Approve the refocus of £35k of funding from sector support to provide additional regional support to businesses in the hardest hit areas - Campbeltown, Lochgilphead, Isle of Bute and Dunoon.
- c. Agree that the overspend of up to £36,713 in relation to the issue of Scotland Loves Local Cards is met from the Recovery and Renewal Fund

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**DEVELOPMENT AND ECONOMIC
GROWTH**

8 DECEMBER 2022

LOCAL AUTHORITY COVID ECONOMIC RECOVERY FUND

2.0 INTRODUCTION

- 2.1 Following the announcement of COSLA Leaders and Ministers with regard to the Local Authority COVID Economic Recovery (LACER) Fund the Council delegated the decision as to how this money would be spent to the Leader, Depute Leader and Leader of the largest Opposition Group. This approach was subsequently approved at the April 2022 Council meeting.
- 2.2 This report provides Members with detail of all the options agreed and progress made.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee:-
- a. Note the progress to date with the suite of previously agreed options for the LACER funding.
 - b. Approve the refocus of £35k of funding from sector support to provide additional regional support to businesses in the hardest hit areas - Campbeltown, Lochgilphead, Isle of Bute and Dunoon.
 - c. Agree that the overspend of up to £36,713 in relation to the issue of Scotland Loves Local Cards is met from the Recovery and Renewal Fund

4.0 DETAIL

- 4.1 The options agreed are outlined in paragraphs 4.2 through to 4.10 with updates on progress made.
- 4.2 **OPTION 1: ISSUE SCOTLAND LOVES LOCAL CARDS TO HOUSEHOLDS IN RECEIPT OF COUNCIL TAX REDUCTION SCHEME**

FUNDING ALLOCATED: £797,720

- The Council are about to enter into contracts with Miconex Ltd and EML to

issue around 6,650 Scotland Loves Local Gift Card each with a value of £120. The cards are due to be distributed on 28 and 29 November to people in receipt of CTR between 28 April 2022 and 31 October 2022.

- Preparations are underway to support the issue of the cards with targeted communications and proactive customer services. There are currently over 1,510 businesses that have signed up to receive the Scotland Loves Local gift cards including Aldi, Marks and Spencer's Wee Toon Trends, Trespass. These businesses are listed here: [Argyll and Bute Gift Card | Scotland Loves Local Gift Cards \(scotlandgiftslocal.com\)](https://www.scotlandgiftslocal.com).
- The costs associated with this option will be more than the funding allocated by the Council at a maximum £834,432.91. The administration fee for the project is £30,432.91, well over the anticipated amount of £14,000. This is primarily due to the need to send two letters to the recipients of the cards instead of the anticipated single letter. To issue a single letter only the Council would need to share National Insurance Numbers with the supplier. All three of the other local authorities running these schemes has felt that is too great a risk in data security terms. Hence we now have two letters to issue, the first to give recipients the activation code and the second to issue the card itself. In addition there will be 6,658 cards issued to cover any new CTR claimants between April 2022 and October 2022 at a cost of £120 per card with an additional 42 cards prepared as backup for any cards that are lost or damaged in the activation process. It is recommended that the overspend of up to £36,713 is funded from the Recovery and Renewal Fund.

4.3 **OPTION 2: SUPPORT FOR THE GYPSY TRAVELLER POPULATION WITH FOOD AND FUEL COSTS**

FUNDING ALLOCATED: £10,000

- A Consultation Day with the Gypsy Traveller community took place on 12th November. The funding will pay for the engagement activities and food and fuel vouchers used as an incentive for community participation and engagement in this process.
- Housing Services are working with MECOPP (Minority Ethnic Carers of People Project), a support and advocacy group for the Gypsy Traveller community, who will be carrying out a consultation questionnaire which will ask about how the cost of living has affected Gypsy Traveller families with a particular focus on energy costs and any possible impacts of the cost of living on mental health. A £20 Tesco voucher will be provided to each household taking part and the intention is to have 15 households involved.
- The outcome of the Consultation Day will determine how direct payments are given to Gypsy Traveller households.
- Housing Services have had two Gypsy Traveller Working Group meetings with key partners including Education and the Police. Delegates from the Gypsy Traveller communities are also representatives on the group – from the official sites and also from the general community.

4.4 **OPTION 3: WORKING WITH ALIENERGY TO FURTHER ALLEVIATE FUEL POVERTY IN ARGYLL AND BUTE**

FUNDING ALLOCATED: £50,000

- Allenergy has used the funds given to them to increase the number of fuel vouchers available through the fuel bank foundation by £10,000 and employ extra resources to meet the increased demand for their services over the year. These funds have been a vital additional help for both agencies to be able to provide customers with more support during the cost of living crisis.

4.5 **OPTION 4: PAYMENT TO ARGYLL AND BUTE CITIZENS ADVICE BUREAU IN ORDER TO SUPPORT INCREASE IN DEMAND DUE TO COST OF LIVING CRISIS**

FUNDING ALLOCATED: £40,000

- Argyll and Bute Citizens Advice Bureau was awarded £40,000 to allow for more staffing resource to meet the increased demand for their services in relation to income maximisation and money advice.

4.6 **OPTION 5: PAYMENT TO BUTE ADVICE CENTRE IN ORDER TO SUPPORT INCREASE IN DEMAND DUE TO COST OF LIVING CRISIS**

FUNDING ALLOCATED: £40,000

- Similar to the Argyll and Bute Citizen's Advice Bureau allocation in Option 4 above.
- These funds have been a vital additional help for both agencies to be able to provide customers with more support during the cost of living crisis.

4.7 **OPTION 6: NEW ENTERPRISE SUPPORT GRANT**

FUNDING ALLOCATED: £120,000

- Grant of up to £3k to help new businesses to start up and establish.
- Launched in May 2022 for applications, from pre-starts and recent starts (trading less than 3 months). [Business Start-Up Grant 2022 \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk/business-start-up-grant-2022)
- It is recommended that due to strong demand, £35,000 is transferred from the Sector support Fund (to fund an additional 12 start-up grants in Dunoon, Bute, Lochgilphead and Campbeltown).
- Fund expected to be fully allocated by the end of November 2022.

Progress to 24/10/22

No. of applications received	48
No. of businesses approved	40
No. of businesses rejected	4
No. of applications in review	3
Total cost approved	£118,762
Budget committed	99%

4.8 **OPTION 7: SMALL BUSINESS DEVELOPMENT GRANT****FUNDING ALLOCATED: £200,000**

- Grant for existing micro and small businesses to improve their resilience or growth. [Small Business Development Grant \(argyll-bute.gov.uk\)](http://argyll-bute.gov.uk)
- Maximum grant was reduced from £5,000 to £3,000 pre-launch to help manage demand and avoid displacing the Local Growth Accelerator Programme grant of £5k.
- Launched in May 2022 for applications from businesses trading for at least 3 months.
- Fund expected to be fully allocated by the end of December.

Progress to 25/10/22

No. of applications received	70
No. of businesses approved	53
No. of businesses rejected	9
No. of applications in review	4
Total cost approved	£151,309
Budget committed	76%

4.9 **OPTION 8: ARGYLL AND BUTE SHOP LOCAL CARD****FUNDING ALLOCATED: £40,000**

- The contract has been awarded to Miconex to continue the facilitation of Argyll and Bute Card into 2022/23 and into 2023/24. This will enable the Shop Local campaign to gather momentum and support local businesses over the next 2 years.
- The marketing budget has been allocated to create six short promotional films, to increase business registration, help raise awareness of the card and showcase local areas.
- Local businesses across Argyll and Bute were invited to become Business Ambassadors for the cards, which involved their participation in the short films. Businesses were provided with guidance on running their own online marketing campaign for the card, which commenced in October 2022.
- The first promotional teaser film was released in October 2022 and can be

accessed in the following link: <https://www.youtube.com/watch?v=GvGRy-ea92I>.

- The five area-based promotional films will be rolled out from the beginning of November 2022, to coincide with the disbursement of LACER funded cards and the festive season.

Background Information on Scheme thus far:-

- 280 cards have been purchased to the value of £14,130.00
- This money will stay in Argyll and Bute – cards purchased for Argyll and Bute can only be used in Argyll and Bute shops, who have signed up to the scheme.
- The Argyll and Bute Card can be purchased online, in the following link: <https://scotlandgiftslocal.com/product/argyll-bute-gift-card/>

Cost Breakdown of Scheme:-

Funding to continue scheme (2 years)	£30,000
Marketing uptake	£10,000
TOTAL COST	£40,000

4.10 **OPTION 9: SECTOR SUPPORT GRANT**

FUNDING ALLOCATED: £150,000

- The original sectoral proposal was refocused to provide regional support to businesses in the hardest hit areas - Campbeltown, Lochgilphead, Isle of Bute and Dunoon.
- The budget agreed has been used to upweigh or extend existing schemes;
 - 12 additional business start-up grants administered via Business Gateway; and
 - Town centre premises improvement scheme administered via Transformation Projects & Regeneration team. The focus on grants to support physical works to town centre businesses to retain businesses and also encourage new businesses into the town centre to compliment the start-up grants and shop local campaign.

Revised Cost Breakdown of Scheme:-

Project	Budget	Committed as at 24/10/22
Transfer to New Enterprise Support Grant Option 6 for Business start-up grant in priority areas (Campbeltown, Lochgilphead, Isle of Bute and Dunoon)	£35,000	£35,000
Town centre scheme (Campbeltown, Mid	£115,000 split across the 4 areas	To date 8 grants awarded -

<p>Argyll/Lochgilphead, Isle of Bute and Dunoon) with a focus on grants to support physical works to improve town centre shop fronts for both existing businesses as well as new businesses in vacant shops thereby increasing footfall, supporting shop local campaign and improve the appearance of our shopping areas</p> <p>Campbeltown, Dunoon and Bute (working with Bute Bid) Schemes have been launched and applications have been received and further applications expected pending formal quotes for works. Mid Argyll scheme just launched</p>		<p>£20,000 awaiting applications from businesses in Dunoon, Campbeltown and Isle of Bute that will commit the remaining allocated funding. Based on levels of interest to date all funding for the Mid Argyll Scheme is expected to be committed in the next few months</p>
TOTAL COST	£150,000	£55,000

5.0 CONCLUSIONS

- 5.1 The report outlines progress with a suite of proposals in relation to the LACER funding distributed to Councils from the Scottish Government. The chosen options were agreed under delegation by the Leader, Depute Leader and Leader of the largest Opposition Group on 4 April 2022, providing a wide range of support to the local economy and to low-income households that are to be funded from our share of the £80m Local Authority COVID Economic Recovery Fund. This approach was noted by the April 2022 Council meeting. A key change is to transfer £35,000 out of Sector Support Grant to New Enterprise Support Grant due to demand on business gateway SME support in hardest hit areas.

6.0 IMPLICATIONS

- 6.1 Policy – Scottish Government Policy is to ensure that this funding is to support local economic recovery and cost of living impacts on low-income households.
- 6.2 Financial – The 9 options outlined in paras 4.2 to 4.10 will be funded from the Council's share of the LACER funding and covid recovery funds, with a small overspend proposed to be funded from the Recovery and Renewal Fund.
- 6.3 Legal – None.
- 6.4 HR – None.

- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities – None
 - 6.5.2 Socio-Economic Duty – None
 - 6.5.3 Islands – None
- 6.6 Climate Change – The funding helps support the viability of a number of our town centres.
- 6.7 Risk – None.
- 6.8 Customer Service – the options set out within the report ensures that the Council are supporting both the economy and vulnerable/low-income households across Argyll and Bute.

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

Policy Lead for Economy and Rural Growth: Councillor Robin Currie

November 2022

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****LEGAL & REGULATORY SUPPORT****8th December 2022**

2023/2024 Annual Review - Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to seek approval for the 2023/2024 Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy.
- 1.2 This report outlines the requirement for the annual updates and the key changes that have been made to both the Procurement Strategy and the Sustainable Procurement Policy.
- 1.3 The first drafts of both documents were noted by the Procurement Board on 2nd November 2022, the Departmental Management Team on 7th November 2022 and the Executive Leadership Team on 14th November 2022.
- 1.4 The report recommends that the Policy & Resources Committee agree the Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy, and documents to go on to the Full Council for noting in February 2023.
- 1.5 Following the formal approval process both documents will be finalised and published in April 2023.

2023/2024 Annual Review - Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25

2.0 INTRODUCTION

- 2.1 The purpose of this paper is to seek approval for the revised Procurement Strategy 2022/2025 and Sustainable Procurement Policy 2022/2025, following the Annual Review of both.

3.0 RECOMMENDATIONS

- 3.1 That the Policy & Resources Committee note the minor changes to the Procurement Strategy 2022/2025 and Sustainable Procurement Policy 2022/2025.
- 3.2 That the Policy & Resources Committee approves the final revised Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25, to go on to the Full Council in February 2023.

4.0 DETAIL

- 4.1 All public bodies with an annual regulated procurement spend of £5 million and above must produce a Procurement Strategy under Section 15 of the 2014 Act.

In terms of the Act, a public body which expects to have procurement expenditure of £5 million or more in the next financial year must, before the start of that year, either publish a Strategy, where one does not exist or review an existing strategy making such revisions to it as the body considers appropriate and publish its revised strategy.

On publishing a revised Procurement Strategy, a public body must then notify Scottish Ministers by sending an e-mail to ProcurementStrategies@gov.scot with a link to where the revised strategy can be accessed.

The Council published its 3 year Procurement Strategy 2022/2025, and this paper sets out the Annual Review of the Strategy for 2023/2024. This ensures that we meet the various obligations set out in the Strategy in a timeously manner.

4.2 The Council has three key strategic procurement objectives:

- Legal compliance
- Value for money
- Empowering local suppliers

which remain in the updated Strategy.

The updated Procurement Strategy continues to set out a framework which enables the Council to continue on its journey of change and innovation through:

- Build capacity and skills within the Council to continue to improve procurement, commissioning and contract management activity;
- Promoting the benefits of early procurement engagement and innovation;
- Making sure we comply with our statutory procurement duties;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Making sure we continue to adopt a partnership approach between internal and external partners;
- Encouraging more innovative use of community benefits requirements and ensuring that community benefit outcomes have been achieved that deliver for our local communities;
- Engaging proactively with key suppliers through contract and supplier relationship demand management to ensure that we extract maximum value and innovation from our supply base;
- To enhance contract management throughout the Council to increase efficiency and deliver better value for money;
- Focusing our procurement activity on delivering best value improvements for the people and communities in Argyll and Bute;
- Working co-operatively in everything we do to support Small and Medium-sized Enterprises (SMEs) and the third sector organisations. Continue to improve access to public sector contracts, particularly for local SMEs, Supported Businesses, Social Enterprises, Co-operatives and Third Sector;
- Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond;
- Continuing to promote sustainability, fair work first practices and the importance of equality and equal treatment through procurement;
- Setting out clear and achievable strategic objectives which support delivery of the Council's wider goals and objectives; and
- Making sure we continue to investigate and develop purchase to pay systems to improve our procurement methods.

4.3 Procurement Strategy Annual Review Outcomes

The PCCMT has reviewed this Strategy's aims, key priorities and objectives against the national outcomes set by the Scottish Government via their Scottish Procurement Policy Notes to ensure it continues to meet all of the Council's procurement requirements and objectives for the period 2023/2024.

The review concluded all objectives remain the same and identified the following minor changes to the Strategy attached as Appendix 1 (changes to wording updated in red):

Section 3 – Page 8: Item v) Priority: climate emergency, high level aims have been updated, in red, as follows:

v) Priority: climate emergency (including carbon reduction and a circular economy)

High level aims:

- prioritise and take account of climate and the circular economy within our regulated procurement activity; through the inclusion of questions on both of these issues within the initial strategy development stage for all regulated procurements, which will ensure that these issues are considered at an early stage of the procurement process; through the inclusion of appropriate evaluation criteria within relevant procurement processes; and through ongoing monitoring of relevant contractual elements within contract management.
- embed climate considerations in a 'whether', 'what', 'how' and 'how much' we buy approach.
- integrate climate action in contract and supplier management activities.
- seek local leaders, stakeholders and suppliers commitment to developing cross-functional roadmaps that exploit opportunities for economic development while delivering on our climate ambitions.

Delivery/success statement for all procurement leaders

We will mobilise the public sector's c£12.6 billion procurement spend to support our climate change and circular economy obligations. We will take part in an aligned sectoral approach, building on existing networks to secure high-level buy-in, clarify expectations and gain traction on the call to action.

We will identify and mitigate risks, exploiting opportunities and priorities through in-sector and cross-sectoral ways of working. We will develop integrated cross-functional climate impact reduction roadmaps (for example, construction, heat, travel, fleet) that may also exploit opportunities for economic development in delivering our climate ambitions. We will benchmark industry best practice and work collaboratively across the public sector to develop practical approaches and buyer capability to influence a green recovery and wider climate and circular economy ambitions.

As the approach to Climate Change develops nationally, the Council's Procurement, Commercial and Contract Management Team and Climate Change Board colleagues will continue to work collaboratively to ensure a consistent Argyll and Bute Council approach for future potential measurement and reporting of scope 3 emissions.

Section 6 - Page 27: The Corporate & Education Category's Analysis of the existing spend profile updated, in red, with 2021/22 spend data as follows:

2022/25 Strategy

Analysis of the existing spend profile (financial year 2021/22) across the Corporate & Education Category has identified the volume of uncontracted suppliers as a priority areas of focus. The analysis breaks down as follows:

Spend Type	Number of Orders	Total value (£)	Number of suppliers	Average transaction value (£)	Total %
Contracted	23942	£19.84m	290	£828.85	88.61%
Uncontracted	3981	£2.55m	339	£641.03	11.39%

Section 7 - Page 37-39: The Financial Analysis section has been updated, in red, with 2021/22 spend data.

7.1 The Council's total procurement spend in 2021/22 on supplies, services and works was £158.8 million, this is broken down by Category in the table below.

Table 1: Procurement Spend by Category for 2021/22

Category	Total Spend 2021/22
Construction & Environment	£81.58m
Corporate & Education	£22.40m
Care & Housing	£54.82m
Total	£158.80m

7.2 The following table (Page 6) shows the Council's spend in more detail by vCode Business Sector, a classification system appended by the Scottish Procurement Information Hub.

Table 2: Procurement Spend by vCode Business Sector for 2021/22

vCode Business Sector	Total Spend 2021/22
Social Care & Services	£46.54m
Construction	£37.65m
Facilities Management	£18.89m
Waste & Environmental Services	£10.35m

vCode Business Sector	Total Spend 2021/22
Travel & Accommodation	£6.30m
Other Goods & Services	£5.79m
Vehicles	£5.76m
ICT	£4.60m
Utilities & Energy	£4.18m
Healthcare	£3.75m
Arts, Sport & Leisure	£2.44m
Transport	£1.90m
Human Resources	£1.89m
Education	£1.64m
Financial Services	£1.45m
Business Support Services	£1.02m
Food, Beverage & Catering	£0.91m
Animals & Farming	£0.60m
Public Sector Bodies	£0.57m
Professional Services	£0.52m
Security Equipment & Services	£0.50m
Legal	£0.36m
Data Not Available	£0.35m
Manufacturing & Machinery	£0.28m
Marketing & Media	£0.26m
Stationery & Office Products	£0.15m
Clothing	£0.05m
Retail & Wholesale	£0.04m
Laboratory	£0.03m
Personal Care	£0.02m
Charitable & Religious Activity	£0.003m
Total	£158.80m

7.3 The top 20 suppliers to the Council account for 47.9% of the procurement spend. The following table shows the top suppliers and spend for the year 2021/22.

Table 3: Spend with Top 20 suppliers in 2021/22

Supplier Name	Total Spend 2021/22
ABC Schools Ltd	£15.36m
Heron Bros Ltd	£10.25m
Renewi Argyll and Bute Ltd	£6.89m
Hub North Scotland Ltd	£5.52m
Carr-Gomm Society Ltd	£4.85m
West Coast Motor Services Co.	£4.81m
Enable	£4.50m
Kiely Bros Ltd	£3.22m
Hillhouse Quarry Company Ltd	£2.89m
Econ Engineering Ltd	£2.61m
DCF Joiners & Building Services Ltd	£1.84m
HC One Ltd	£1.72m
BCA Insulation	£1.71m
Key Housing Association Ltd	£1.64m
Affinity Trust	£1.61m
Mckenzie Care Homes Ltd	£1.57m
Carers Direct Ltd	£1.47m
TSL Contractors Ltd	£1.22m
Barr Environmental Ltd	£1.20m
Breedon Aggregates Scotland Ltd	£1.15m
Total Spend with Top 20 Suppliers	£76.03m

7.4 In 2021/22, spend with SMEs accounted for 69% of procurement spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2021/22.



4.4 **Sustainable Procurement Policy**

The Argyll and Bute Council Sustainable Procurement Policy 2022/2025 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic, and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

4.5 **Summary of key changes to the Sustainable Procurement Policy 2022/25**

The Argyll and Bute Council Sustainable Procurement Policy 2022/2025 has only had a minor update, **Item 1.3 - Page 51: "Argyll and Bute Council is one of the region's major purchasers, with a total procurement spend in 2021/22 of £158.8 million"**.

4.6 The 2023/2024 Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy is attached as Appendix 1.

4.7 The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

5.0 **CONCLUSION**

5.1 The Procurement Strategy and Sustainable Procurement Policy have been reviewed in keeping with the Strategy requirements (Section 8.2) to ensure that it continues to meet the Council's procurement objectives and outcomes as well as ensuring that the Council meet its statutory requirement to do so on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

6.0 IMPLICATIONS

6.1	Policy:	The Procurement Strategy and the Sustainable Procurement Policy
6.2	Financial:	None
6.3	Legal:	This paper ensures the Council meets the statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis.
6.4	HR:	None
6.5	Fairer Scotland Duty:	
	6.5.1 Equalities protected characteristics	None]
	6.5.2 Socio-economic Duty	None
	6.5.3 Islands	None
6.6	Climate Change:	None
6.7	Risk:	None
6.8	Customer Service:	None

Douglas Hendry**Executive Director with responsibility for Legal and Regulatory Support****Policy Lead: Councillor William Sinclair**7th November 2022**For further information contact:**

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Anne.maccoll-smith@argyll-bute.gov.uk**Appendices****Appendix 1:**

2023/2024 Annual Review of 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy

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PROCUREMENT STRATEGY 2022/2025

Annual Review 2023/2024

Procurement Strategy 2022/2025

The PCCMT has reviewed this Strategy, in line with Item 8.2 (page 40), to ensure it continues to meet all of the Council's procurement requirements and objectives for the period 2023-2024. The review concluded all objectives remain the same and identified the following changes to the Strategy:

- Section 3 - Page 8: Item v) Priority: climate emergency, high level aims have been updated.
- Section 6 - Page 27: The Corporate & Education Category's Analysis of the existing spend profile updated with 2021/2022 spend data.
- Section 7 - Page 37-39: The Financial Analysis section has been updated with 2021/2022 spend data.

Sustainable Procurement Policy 2022-2025

- Item 1.3 - Page 51 - "Argyll and Bute Council is one of the region's major purchasers, with a total procurement spend in 2021/22 of £158.8 million".

Section 1:	Overview.....	<u>1</u>
Section 2:	Introduction.....	<u>4</u>
Section 3:	Procurement Vision & Principles	<u>5</u>
Section 4:	Strategy Rationale & Context.....	<u>10</u>
Section 5:	Aims, Key Priorities & Action Plan.....	<u>13</u>
Section 6:	Procurement Strategy by Category.....	<u>27</u>
Section 7:	Financial Analysis & KPI's.....	<u>37</u>
Section 8:	Implementation, Reviewing & Reporting.....	<u>40</u>
Section 9:	Policies, Tools & Procedures.....	<u>42</u>
Section 10:	Glossary.....	<u>43</u>
Section 11:	Strategy Ownership & Contact Details.....	<u>49</u>
Section 12:	Sustainable Procurement Policy 2022/2025.....	<u>50</u>

The Procurement Strategy sets out the vision, objectives and actions which will direct and govern procurement activities for Argyll and Bute Council for 2022 to 2025, in other words, how and what the Council's spends its money on over the next 3 years.

The Strategy relates to our overall spending approach, with specific focus on regulated procurements. Regulated procurements are defined as works contracts over £2million in value, and supplies and services contracts over £50,000 in value.

Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The Strategy aims to help remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council.

The Procurement, Commercial and Contract Management Team (PCCMT) has provided, and will continue to provide, support to local organisations by structuring tender opportunities, wherever possible, to enable local organisations to bid for Council contracts and by building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

For this strategy, the Council has three key strategic procurement objectives:

- ❖ Legal compliance
- ❖ Value for money
- ❖ Empowering local suppliers

Legal Compliance

Aims

- To ensure all procurement staff and Council officers involved in the procurement process are fully aware of all aspects and impacts of the procurement rules and any other relevant regulations.

Value for Money

Aims

- To support the Council in achieving budget savings targets.
- To work closer with our client departments to understand their needs, identify opportunities to reduce expenditure, control demand and improve process efficiencies.
- Work more collaboratively with other public sector organisations to support Community Wealth Building across Argyll and Bute.

Empowering Local Suppliers and Delivering Sustainable Procurement

Aims

- We will aim to develop resilient local supply chains, providing clear advice and consistent approaches to procurement and community benefits, ensuring businesses are aware of, and are able to take advantage of, procurement opportunities supported by a programme of active and innovative supplier engagement and development support.

How we will do it

- Mandatory training for Council officers involved in the procurement process (project leads, specification writers) including highlighting the social benefits that procurement must consider (for example, Equality and Fair Work First Practices).
- Ongoing training for procurement staff on changes to legislation and regulations.
- Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P).
- Further embed and improve demand management within the contract management process.
- We will continue to develop our contract management framework as we understand that successful contracts depend on good contract management and good contract management depends on good supplier relations.
- We want to build good supplier relationships, including trust, openness, clear communications and common understanding.
- We will focus on how we can support the opening up of the supply chain and provide practical support and guidance to suppliers.

How we will do it

- We will analyse the supply chain in Argyll and Bute to identify specific areas of strength and opportunities to develop specific sectors and work closely with the Supplier Development Programme (SDP) to deliver effective supplier engagement and improve the capability of local businesses to bid for contracts.
- We will meet the national objectives for the prompt payment of suppliers and promote the prompt payment of subcontractors.

What will the outcomes be?

- We will have delivered simplified and more consistent procurement processes for businesses tendering for contracts across Argyll and Bute.
- We will have raised awareness among suppliers of forthcoming opportunities to bid for contracts.
- We will have supported small local businesses to access existing supply chains and increased their capability to successfully bid for contracts.
- Assist the Council to meet budget savings targets.
- Positive outcomes (for example, changes in buying behaviour, identifying alternative solutions, improved ordering and invoicing solutions).

Whilst it would not be acceptable to give preference to local businesses during any particular procurement, efforts will continue to be made to ensure that local businesses are given the opportunity to bid for our contracts and to have the greatest chance of being successful in winning Council and other public sector business.

- 2.1** This Procurement Strategy sets out the vision, objectives and actions which will direct and govern procurement activities for Argyll and Bute Council for 2022 to 2025.
- 2.2** These reflect both national and local policies and priorities, and includes our approach to the economic recovery plan in response to the COVID-19 Pandemic, Brexit, Suppliers' Fair Working Practices and Ethicality, Sustainability, Climate Change, Corporate Social Responsibility, Small and Medium-sized Enterprises (SMEs), Supported Businesses, and Third Sector organisations.
- 2.3** They recognise the current budget constraints and an increasing demand for goods, services and works.
- 2.4** Procurement is a key strategic driver to enable the business community and the communities we serve to adapt, diversify and flourish despite economic pressures. The present economic landscape has created unique but not insurmountable challenges for the area.
- 2.5** Procurement plays a pivotal role in supporting the Council's strategic plan and will continue as a key enabling strand within the ongoing reform and continuous improvement of the Council.
- 2.6** The Argyll and Bute Council Procurement Strategy 2022/25 relates to our overall procurement approach, with specific focus on regulated procurements. Regulated procurements are defined as works contracts over £2million in value, and supplies and services contracts over £50,000 in value.
- 2.7** This Procurement Strategy has been prepared in response to the changing procurement agenda and the current financial climate. Previously, the Strategy has been renewed annually. This Strategy sets out the procurement aims and goals of the Council for 2022/25 and will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities. Through adhering to the Procurement Strategy, the Council will manage and mitigate the potential risks associated with public sector procurement. Such risks include the potential for challenge from unsuccessful tenderers, the risk of not achieving best value for Council Services and failing to support the Council's strategic aims.

Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The Strategy aims to help remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council. The Procurement, Commercial and Contract Management Team (PCCMT) has provided, and will continue to provide, support to local organisations by structuring tender opportunities, wherever possible, to enable local organisations to bid for Council contracts and by building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

Our vision

Our vision is to be recognised by all Argyll and Bute stakeholders as a Procurement Team that works collaboratively, both internally as an embedded function of all Council services strategically used to support the economic, social and environmental needs of the residents of Argyll and Bute, and externally, to support Argyll and Bute communities; local small and medium enterprises; third sector organisations; social enterprises; supported businesses and micro-enterprises; whilst delivering value for money for the people of Argyll and Bute.

Procurement Principles

These are the basic tenets of how the Council intends to conduct its procurement. Eight procurement principles have been identified as follows:

- 3.1** Procurement should be a viable tool in the promotion of the Council's Goals and Values and in delivering the Aims and Objectives contained within the Corporate Plan and Outcome Improvement Plan.
- 3.2** Procurement will be carried out under the terms of the Council's Standing Orders and will be guided by the detailed procedures for purchasing developed by the Council via the Procurement Manual.
- 3.3** Procurement should be carried out in line with current legislation to deliver competition, sustainability, equal opportunities and ultimately best value for the Council. The process will be transparent and allow accountability.
- 3.4** Best Value will be achieved by obtaining Most Economically Advantageous Tender (MEAT), taking into account whole life costs and non-financial aspects of the purchase. Purchasing will be driven by desired outputs and results, including acceptable health and safety performance.
- 3.5** Suppliers should be able to meet the current and future needs of the Council and in arranging procurement; the needs of the local economy should be taken into account, as permitted by existing legislation and always in pursuit of best value.
- 3.6** Officers managing major contracts should be capable through qualification and experience, or have access to professional guidance, to be able to ensure the sound management and monitoring of contracts. The Council will put in place a training programme for all staff required to undertake procurement duties. Staff completing this programme will become "authorised to procure".
- 3.7** The procurement function should be carried out in an effective but streamlined manner, which delivers added value without duplication of effort.
- 3.8** Where a local or national contract is in place for a commodity this will be used in all but exceptional circumstances.

As a Procurement Team, supported by our Scottish Public Procurement community, we have a key aim to ensure that the collective spending power of the public sector is used to deliver world class, value-adding collaborative procurement services, while enabling sustainable and inclusive economic growth.

Following consultation the Scottish Government's Procurement Directorate has developed a set of [seven priorities](#) that we/they believe all public procurement leaders should adopt and aspire to.

Aligned to existing commitments set out in the government's national framework, they take into account the impacts felt by us all over the past year, address short term needs and support a robust, greener economic recovery, whilst developing leadership and wider capacity, capability and systems to future-proof procurement in Scotland.

As a set of shared priorities for the Scottish Public Procurement community, they will help to ensure we are all broadly pulling in the same direction, with a set of functional objectives that align with our organisational objectives. Working together, we can, and will, continue to use the power of procurement to enable and support positive change.

The 7 priorities are:

i) **Priority: leadership and visibility**

High level aims:

- engage and influence organisation leaders and stakeholders
- raise profile with better communications internally and externally
- identify and own escalated issues

Delivery/success statement for all procurement leaders

We will increase the visibility of procurement, reviewing and refreshing our existing engagement with key stakeholders internally and externally, improving our communications and ensuring that all leaders understand their role in driving and enabling impactful procurement. We will identify, mitigate and manage risks and issues acting on the outcomes of the various reviews on the impact of the sustainable procurement duty - including feedback from suppliers. We will actively support cross-sector working.

ii) **Priority: sustainable economic recovery**

High level aims:

- mainstream sustainable procurement and related tools
- use of intelligent data and local partnerships
- inclusive and responsible supply chains
- understand what good looks like, tracking performance and tackling opportunities to deliver better outcomes

Delivery/success statement for all procurement leaders

We will broaden the impact of the Sustainable Procurement Duty, seeking to deliver wider socio-economic benefits for the communities which we are part of and which are part of our supply chains. This will support responsible procurement practices, including inclusive environmental and economic wellbeing, identifying and pursuing equality outcomes in relevant procurements and embedding Fair Work First principles in more contracts and supply chains. We will continue to maximise opportunities for local and third sector businesses to bid for and win contracts, and support public bodies to maximise their procurement spend locally through the intelligent use of procurement data.

iii) Priority: supply chain resilience (public sector)

High level aims:

- manage business continuity through supply chain shocks (e.g. pandemic, post-EU Exit).
- build/support immediate and longer term resilience in critical supply chains.
- collaborate on opportunities to grow capacity and capability in targeted sustainable supply chains.

Delivery/ success statement for all procurement leaders

We will assess and mitigate key commercial risks associated with geopolitical, societal and health developments (e.g. COVID-19 and EU Exit) to assure supply chains that underpin public services, mitigating and managing risk. We will ensure immediate and longer term resilience is embedded in to critical supply chains and identify opportunities to target, create or grow sustainable supply chains through collaborative working, including implementing targeted guidance on building, growing and maintaining critical supply chains within the rules. We will introduce centrally focussed publicity material for public sector standard specifications to engage manufacturing.

iv) Priority: maximise impact of the sustainable duty (including post EU-exit implications)

High level aims:

- understand and exploit any flexibility within current Rules and our international obligations to support economic recovery.
- explore further options to maximise priority outcomes and financial wellbeing to ensure Scotland maintains its competitive position in the world.

Delivery/ success statement for all procurement leaders

We will assess the coordinated feedback from a range of targeted approaches to test the impact of the sustainable duty. We will assess what's desirable and possible practically, legally and politically, and develop a plan to address the findings as appropriate through targeted leadership, capability, policy, tools, data and effective reporting, and/or other appropriate vehicles.

v) Priority: climate emergency (including carbon reduction and a circular economy)

High level aims:

- prioritise and take account of climate and the circular economy within our regulated procurement activity; through the inclusion of questions on both of these issues within the initial strategy development stage for all regulated procurements, which will ensure that these issues are considered at an early stage of the procurement process; through the inclusion of appropriate evaluation criteria within relevant procurement processes; and through ongoing monitoring of relevant contractual elements within contract management.
- embed climate considerations in a 'whether', 'what', 'how' and 'how much' we buy approach.
- integrate climate action in contract and supplier management activities.
- seek local leaders, stakeholders and suppliers commitment to developing cross-functional roadmaps that exploit opportunities for economic development while delivering on our climate ambitions.

Delivery/success statement for all procurement leaders

We will mobilise the public sector's c£12.6 billion procurement spend to support our climate change and circular economy obligations. We will take part in an aligned sectoral approach, building on existing networks to secure high-level buy-in, clarify expectations and gain traction on the call to action.

We will identify and mitigate risks, exploiting opportunities and priorities through in-sector and cross-sectoral ways of working. We will develop integrated cross-functional climate impact reduction roadmaps (for example, construction, heat, travel, fleet) that may also exploit opportunities for economic development in delivering our climate ambitions. We will benchmark industry best practice and work collaboratively across the public sector to develop practical approaches and buyer capability to influence a green recovery and wider climate and circular economy ambitions.

As the approach to Climate Change develops nationally, the Council's Procurement, Commercial and Contract Management Team and Climate Change Board colleagues will continue to work collaboratively to ensure a consistent Argyll and Bute Council approach for future potential measurement and reporting of scope 3 emissions.

vi) Priority: achieving professional excellence (against national policy and standards)

High level aims:

- create and develop the talent we require now and in the future to deliver on our ambitions
- develop and/or implement collaborative targeted capability programmes to build skills and competencies, driving consistency in approaches
- ensure that training and professional development continues to be available to the sector during the pandemic and post-pandemic period

Delivery/ success statement for all procurement leaders

We will work with sectoral Centres of Expertise (CoEs) to champion, support and enable the professionalisation agenda including Talent Creation, where we will collaboratively plan, scope and consider next steps on national entry scheme options; and grow, support and enable a diverse Procurement People of Tomorrow (PPoT) community.

We will support professional standards for recruitment and development (aligned to the Competency Framework), improving policy into practice and application, raising and applying a high consistent standard this will include.

As Public Procurement leaders we will work collaboratively to explore people development approaches and tools already in place across sectors; and will co-develop leading people development approaches and programmes that can be utilised on a cross-sector basis. We will continue to support and facilitate, and as individuals undertake the training required by procurement professionals and those spending public money to deliver public value.

vii) Priority: develop our use of systems to exploit sustainable outcomes and support reporting

High level aims:

- embed national and tailored sectoral systems and best practice tools across the Scottish public sector and supply base
- increase the visibility/ use of other systems in use across sectors
- develop a strategy to enable the sharing of these systems and tools across sectors to enhance outcomes

Delivery/ success statement for all procurement leaders

We will encourage and support use of collaboratively developed national and sectoral systems and best practice tools to exploit sustainable outcomes, support national reporting and bring benefit across public bodies. CoEs will ensure that there is visibility of system solutions in use or available to use and their strategic development (such as PCS, PCS-T, Procurement Hub and PECOS) and maximise efficiency and effectiveness, where possible, making them available for use across the public sectors. Utilising “shared solutions to shared needs” will be the aim wherever possible, whilst recognising that one size does not fit all and that niche requirements may not be fulfilled by the available systems.

Section 4 – Strategy Rationale & Context

- 4.1** Our principal aim is to ensure the principles of public procurement - transparency, integrity, openness, fairness, non-discrimination, equal treatment, competition and accountability - underpin our procurement activity.
- 4.2** We will also aim to build upon the achievements and benefits derived from the Council's previous corporate procurement strategies which have been ongoing since 2012.

These benefits and achievements include:

- All procurement opportunities are advertised, tendered and awarded electronically.
- All complex procurement exercises are supported by detailed sourcing strategy documents.
- Community benefits are considered for all procurement exercises above £100,000 for goods and services; and £2,000,000 for works.
- Sustainability considerations are included for all regulated procurements.
- If the market allows for it, for goods/services under £50k and works under £2million, SMEs and local suppliers are invited to bid for these contracts.
- Creation of an operating model consisting of a transactional PCCMT that focuses on lower value, less complex procurements and allows our category managers to focus on high value, complex procurements.
- Development of a robust, segmented contract management process

The Council's Procurement Strategy for 2022/25 takes account of the Annual Procurement Report 2021/22, which detailed the progress that the Council has made since the previous Strategy was published.

This allows us to reflect on the progress made as well as highlighting the opportunities and challenges now facing the Council, and how Procurement can support the organisations overall objectives.

We will continue to generate process efficiencies and real cash savings through rigorous challenge of all our purchasing decisions, continue to work more cohesively and collaboratively with our internal clients and external stakeholders to identify better ways of working. This enhances our focus and considers innovative procurement methodologies to achieve best value outcomes in service areas such as social care.

This Strategy aims to build on the procurement model already in place, with a view to:

- Setting out clear and achievable strategic objectives which support delivery of the Council's wider goals and objectives.
- Making sure we comply with our statutory procurement duties.
- Delivering and demonstrating procurement benefits and real cash savings.
- Making sure we continue to investigate new technology and digital opportunities to improve our procurement methods.
- Continuing to promote sustainability, fair work first practices and the importance of equality and equal treatment through procurement.

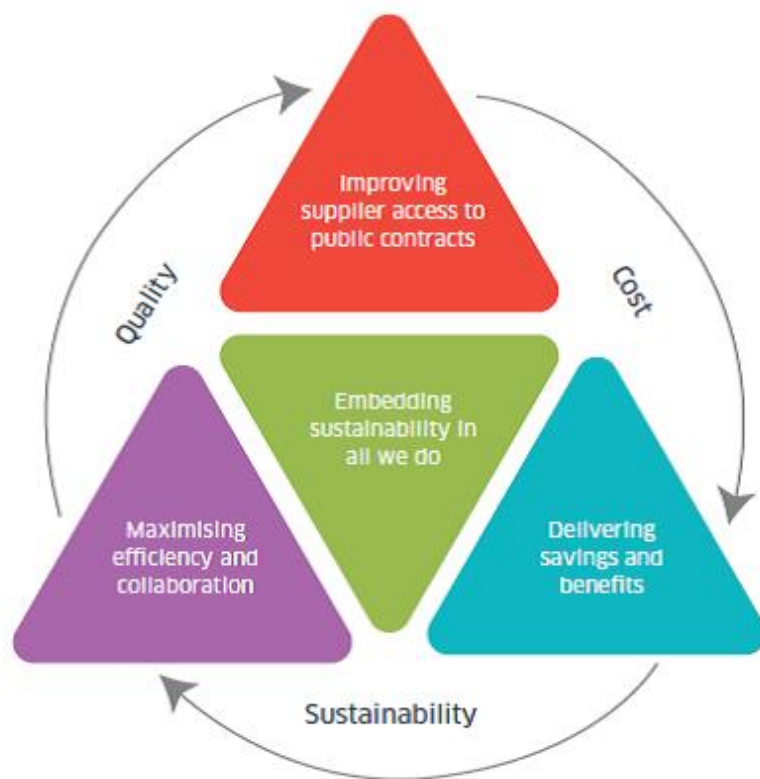
4.3 The Council is mindful that the impact of procurement is far greater than this definition of a 'process' and our vision, objectives and principles as set out in this Strategy illustrate the contribution that effective procurement arrangements can make to wide ranging socio-economic agendas. These include equality and diversity, a successful local economy, a thriving voluntary and third sector, environmental issues and value for money for Argyll and Bute residents.

4.4 Current external impacts on the Council's Procurement Strategy include the outbreak of COVID-19 which is having a significant impact on businesses of all sizes as is the unknown path that Brexit will take as at the time of writing this Strategy. Many suppliers will struggle to meet their contractual obligations and this will put their financial viability, ability to retain staff and their supply chains at risk.

Other impacts are demographic changes within Argyll and Bute, managing expectations of stakeholders within reduced budgets, environmental challenges including upcoming changes in relation to waste management and carbon reduction to meet climate change targets, and the need to ensure our processes are in line with current best practice. This Strategy continues to support the delivery of the Council's Decarbonisation Plan.

4.5 Internal impacts on this Strategy and the Council's PCCMT include the need to take account of the requirements of the Constitution, Corporate Plan and Outcome Improvement Plan, the provision of support to the service departments to meet their budgetary requirements, as well as the support provided to them to deliver transformational change in how they provide their services to the residents of Argyll and Bute.

- 4.6 The Council will continue to deliver its procurement activities and meet the above opportunities and challenges in line with the Scottish Model of Procurement:



5.1 Our strategic aims

The Strategic Aims of the PCCMT support the overall Argyll and Bute Council Corporate Plan 2018-2022, specifically to support the Council in its mission to deliver our six outcomes and make Argyll and Bute a place people choose to Live, Learn, Work and Do Business:

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

The team recognises the strategic importance of maximising the economic benefits from directing Council spend to local businesses in terms of benefiting the local economy to ensure it is growing, diverse and thriving.

To support delivery of these outcomes, the PCCMT will continue to facilitate participation from local contractors in the procurement process to increase opportunity for local spend, where possible, by:

- a. Considering lotting strategies for all contracts and, where appropriate, dynamic purchasing systems to enable local suppliers the opportunity to access Council contracts. This will be documented in all contract strategies which will be prepared in advance of procuring all regulated contracts;
- b. If the market allows for it, for goods/services under £50k and works under £2million, SMEs and local suppliers will be invited to bid for these contracts.
- c. Simplifying tender documents to ensure the procurement process is proportionate and easy to navigate;
- d. Delivering an effective programme of supplier engagement and events across the region aligned to forthcoming contract opportunities, supporting our local small and medium sized businesses to meet their growth potential;
- e. Using community benefits clauses and approaches to help deliver additional benefits for the communities of Argyll and Bute; and
- f. Promoting the living wage and wider fair work first practices.

Whilst it would not be acceptable to give preference to local businesses during any particular procurement, efforts will continue to be made to ensure that local businesses are given the opportunity to bid for our contracts and to have the greatest chance of being successful in winning Council and other public sector business.

5.2 For all of our procurement activity we aim to build upon the achievements and benefits derived from the Council's previous corporate procurement strategies, with a view to:

- Build capacity and skills within the Council to continue to improve procurement, commissioning and contract management activity;
- Promoting the benefits of early procurement engagement and innovation;
- Making sure we comply with our statutory procurement duties;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Making sure we continue to adopt a partnership approach between internal and external partners;
- Encouraging more innovative use of community benefits requirements and ensuring that community benefit outcomes have been achieved that deliver for our local communities;
- Engaging proactively with key suppliers through contract and supplier relationship demand management to ensure that we extract maximum value and innovation from our supply base;
- To enhance contract management throughout the Council to increase efficiency and deliver better value for money;
- Focusing our procurement activity on delivering best value improvements for the people and communities in Argyll and Bute;
- Working co-operatively in everything we do to support Small and Medium-sized Enterprises (SMEs) and the third sector organisations. Continue to improve access to public sector contracts, particularly for local SMEs, Supported Businesses, Social Enterprises, Co-operatives and Third Sector;
- Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond;
- Continuing to promote sustainability, fair work practices and the importance of equality and equal treatment through procurement;
- Setting out clear and achievable strategic objectives which support delivery of the Council's wider goals and objectives; and
- Making sure we continue to investigate and develop purchase to pay systems to improve our procurement methods.

5.3 Our strategic objectives

For this strategy, the Council has three key strategic procurement objectives:

- Legal compliance
- Value for money
- Empowering local suppliers

5.3.1 Legal Compliance

Aims

- To ensure all procurement staff and council officers involved in the procurement process are fully aware of all aspects and impacts of the procurement rules and any other relevant regulations.

How we will do it

- Mandatory training for council officers involved in the procurement process (project leads, specification writers) including highlighting the social benefits that procurement must consider (for example, Equality and Fair Work First Practices).
- Ongoing training for procurement staff on changes to legislation and regulations.

What will the outcome be?

- Procurement staff are confident in their understanding of procurement regulations and other relevant regulations.
- Mitigation of the opportunities for procurement challenge.
- Procurement activity will comply with all relevant statutory and regulatory requirements.

5.3.2 Value for Money

Aims

- To support the Council in achieving budget savings targets.
- To work closer with our client departments to understand their needs, identify opportunities to reduce expenditure, control demand and improve process efficiencies.
- Work more collaboratively with other public sector organisations to support Community Wealth Building across Argyll and Bute.

How we will do it

- Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P).
- Further embed and improve demand management within the contract management process.
- Continue to prioritise more procurement time for the development of relevant sourcing strategies to ensure that demand is fully understood (including future requirements) and that market analysis and supplier engagement is undertaken to establish the capabilities of the supply chain.
- Ensure that suppliers provide regular management information on our usage of their contracts and incorporate this information into the contract management process.
- Continue to look for opportunities to collaborate in procurement with our public sector partners and benchmark to ensure that collaborations provide best value.

What will the outcome be?

- Assisting the Council to meet budget savings targets.
- Positive outcomes (for example, changes in buying behaviour, identifying alternative solutions, improved ordering and invoicing solutions).

5.3.3 Empowering Local Suppliers and Delivering Sustainable Procurement**Aims**

We will aim to develop resilient local supply chains, providing clear advice and consistent approaches to procurement and community benefits, ensuring businesses are aware of, and are able to take advantage of, procurement opportunities supported by a programme of active and innovative supplier engagement and development support.

How we will do it

- We will continue to develop our contract management framework as we understand that successful contracts depend on good contract management and good contract management depends on good supplier relations.
- We want to build good supplier relationships, including trust, openness, clear communications and common understanding.
- We will focus on how we can support the opening up of the supply chain and provide practical support and guidance to suppliers.

- We will analyse the supply chain in Argyll and Bute to identify specific areas of strength and opportunities to develop specific sectors and work closely with the Supplier Development Programme (SDP) to deliver effective supplier engagement and improve the capability of local businesses to bid for contracts.
- We will meet the national objectives for the prompt payment of suppliers and promote the prompt payment of subcontractors.

What will the outcome be?

- We will have delivered simplified and more consistent procurement processes for businesses tendering for contracts across Argyll and Bute.
- We will have raised awareness among suppliers of forthcoming opportunities to bid for contracts.
- We will have supported small local businesses to access existing supply chains and increased their capability to successfully bid for contracts.

5.4 Supplier Opportunities

We are pleased to hear from new and existing suppliers who are interested in tendering for business. Any enquiries can be sent to the corporate procurement inbox procurement@argyll-bute.gov.uk.

The PCCMT has developed a [supplier page](#) on the Council's website with useful tips and information as to how to bid for Council contracts.

In addition, the Council's current [contract register](#) is available on the Council website and gives visibility of current contracts and the corresponding end dates.

Any contracts requiring renewal, as well as any new requirements, will be advertised and tendered via the following e-tendering portals:

- Public Contracts Scotland Tender (PCS-T)
Regulated Procurement (Goods/Services >£50,000, Works >£2 million)
- Public Contracts Scotland (PCS)
Quick Quotes (Goods/Services <£50,000, Works <£2 million)

All Quick Quotes undertaken by the Council will include an invitation to at least one SME and, if the market allows, at least one local supplier.

Any company interested in bidding for business with the Council must be registered with Public Contracts Scotland (PCS), and be in a position to submit their responses using these portals.

The strategy objectives and the targeted outcomes will be monitored via an action plan detailed as follows:

Procurement Strategy Action Plan

5.4.1 Legal Compliance

Objectives Aims & Outcomes	Performance Indicators	Actions	Target Date	Owner
<p>Aim:</p> <ul style="list-style-type: none"> ▪ To ensure all procurement staff and Council officers involved in the procurement process are fully aware of all aspects and impacts of the procurement rules and any other relevant regulations. ▪ To adapt to any changes to procurement rules following Brexit. <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Mitigation of the opportunities for procurement challenge. ▪ Procurement activity will comply with all relevant statutory and regulatory requirements. ▪ Procurement staff are confident in their understanding of procurement regulations and other relevant regulations. 	No legal challenge	1.01 Mandatory training for Council officers involved in the procurement process (project leads, specification writers) including highlighting the requirement for project / contract management, excellent communication skills, varying contracts, budget variances and social benefits that procurement must consider (for example, Equality and Fair Work First Practices).	July 2023	ELT
		1.02 Ongoing training for procurement staff on changes to legislation and regulations.	Ongoing	PCCMT Manager
		1.03 Adapt our internal procedures, processes and documentation, where required, to reflect any new legislative requirements.	Ongoing	PCCMT Manager

5.4.2 Value for Money

Objectives Aims & Outcomes	Performance Indicators	Actions	Target Date	Owner
<p>Aim:</p> <ul style="list-style-type: none"> ▪ To support the Council in achieving budget savings targets. <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Assisting the Council to meet budget savings targets. ▪ Positive outcomes (ie: changes in buying behaviour, identifying alternative solutions, improved ordering and invoicing solutions). ▪ To work closer with our client departments to understand their needs, identify opportunities to reduce expenditure, control demand and improve process efficiencies. ▪ Work more collaboratively with other public sector organisations. 	<p>Savings for budget holders.</p> <p>Reduced expenditure.</p>	<p>2.01 Continue to target savings from all aspects of the strategic procurement process (tender, contract and demand management, P2P).</p> <p>2.02 Further embed and improve contract and demand management within the client's service areas.</p> <p>2.03 Continue to prioritise more procurement time for the operational development of appropriate sourcing strategies to ensure that demand is fully understood (including future requirements) and that market analysis and supplier engagement is undertaken to establish the capabilities of the supply chain.</p> <p>2.04 Ensure that suppliers provide regular management information on our usage of their contracts and incorporate this information into the contract management process.</p> <p>2.05 Continue to look for opportunities to collaborate in procurement with our public sector partners and benchmark to ensure that collaborations provide best value.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>PCCMT</p> <p>PCCMT</p> <p>PCCMT</p> <p>PCCMT/ELT</p> <p>PCCMT</p>

5.4.3 Empowering Local Suppliers and delivering sustainable procurement

Objectives Aims & Outcomes	Performance Indicators	Actions	Target Date	Owner
<p>Aim:</p> <ul style="list-style-type: none"> ▪ To develop resilient local supply chains, providing clear advice & consistent approaches to procurement and community benefits, ensuring businesses are aware of, and are able to take advantage of procurement opportunities, supported by a programme of active and innovative supplier engagement and development support. ▪ To increase the knowledge and understanding of the benefits of sustainable procurement of all Council staff who participate in the procurement process and make better use of the expertise within the Council to ensure wider sustainable outcomes are achieved. ▪ To be compliant with the Procurement Reform (Scotland) Act 2014 and general other duties contained therein, including the Sustainable Procurement Duty. <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Increased opportunities for local businesses, co-operatives, Supported Businesses and Third Sector organisations. ▪ To secure wider social, economic and environmental benefits for the local area and ensure those benefits are realised. 	<p>Procurement spend with contracted suppliers (%)</p> <p>Contracts awarded to SMEs (% of contracts awarded)</p> <p>Local suppliers bidding for business with the Council (% of bids received)</p> <p>Tenders won by a local supplier where a local supplier has placed a bid (%)</p> <p>Invoices paid within 30 days (%)</p>	<p>Training and awareness sessions for internal client departments on sustainable procurement with an emphasis on the application of circular economy, whole life costing and life cycle impact mapping.</p> <p>Further optimise the community benefits process by working more closely with relevant internal stakeholders (community planning, Benefits Steering, employability team) and placing a greater emphasis on ensuring outcomes are delivered and benefits for Argyll and Bute residents are realised.</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>PCCMT Manager</p>

5.4.3 Empowering Local Suppliers and delivering sustainable procurement/contd

Objectives Aims & Outcomes	Performance Indicators	Actions	Target Date	Owner
<p>Outcomes (continued)</p> <ul style="list-style-type: none"> ▪ We will have delivered simplified and more consistent procurement processes for businesses tendering for contracts across Argyll and Bute. ▪ We will have raised awareness among suppliers of forthcoming opportunities to bid for contracts. ▪ We will have supported small local businesses to access existing supply chains and increased their capability to successfully bid for contracts. 				PCCMT

5.5 Mandatory Requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations.

The Act lays out some mandatory requirements which the procurement strategy must include. In particular:

#	How the organisation intends to make sure that its regulated procurements will:	Council Response/Strategy Content:	
1	Deliver value for money	A	<p>The successful delivery of this Strategy.</p> <ul style="list-style-type: none"> ○ The application of procurement best practice and undertaking key strategic procurement activities. ○ Early market engagement. ○ By including appropriate lots to promote SME/Third Sector and local supplier participation. ○ Maximising the impact of each pound spent by including Community Benefit Clauses. ○ Evaluating on the most economic and advantageous criteria. ○ Utilisation of output specifications. ○ Challenging the need and demand management. ○ Robust contract management. ○ Application of effective commercial evaluation models.
2	Be undertaken in compliance with its duty to act in a transparent and proportionate manner	A	<p>The Council's Standing Orders Relating to Contracts and Procurements apply to all contracts made by or on behalf of the Council for the delivery of works, the supply of goods and materials and the provision of services.</p> <ul style="list-style-type: none"> ○ All procurement activity undertaken must comply with the above process and procedures which secures compliance with the Act and Statutory Guidance. ○ In addition to the above, the Council engages fully with the Supplier Development Programme (SDP), to understand their organisational needs and share the Council's procurement work plan.

5.5 Mandatory Requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations / contd

#	Priority	Activities	
3	The provision of prompt payment – no later than 30 days after invoice by the organisation to a supplier and/or sub-contractor, or by a sub-contractor to a sub-contractor.	A	We will aim to meet the target of 95.5% per quarter of invoices paid within 30 days during 2022/25.
		B	Prompt payment clauses requiring a 30 day payment term are embedded within our contractual terms and conditions. Suppliers are required to apply the same terms and conditions with their sub-contractors who are delivering and supporting the Council contract.
4	Contribute to the carrying out of its functions and the achievement of its purposes.	A	<p>The delivery of this strategy will ensure procurement is delivered in a compliant, effective and efficient manner, provide a clear action plan for improvement and contribute to wider Council objectives and priorities.</p> <p>By making sure there is early engagement and clear communication channels between the Service Departments and procurement we will assist in achieving best value.</p> <p>This Strategy will be monitored and reported as per the Monitoring, Reviewing and Reporting on the Strategy section of this strategy document, to make sure the key objectives are delivered and best value is secured.</p>
5	Payment of a living wage - to persons involved in producing, providing or constructing the subject matter of regulated procurements	A	Consideration will be given at the initial stages of individual regulated procurements to whether it is relevant to address living wage and fair work practices (Ongoing)
		B	Payment of the Living Wage will be monitored by contract management activity in relevant regulated contracts.
6	Be undertaken in compliance with its duty to act in a transparent and proportionate manner	A	PINs will be published on PCS for all appropriate regulated procurements in 2022/25.
		B	Consideration will be given within the initial CSSs to lotting all regulated contracts in 2022/25. (Ongoing)
		C	We will offer alternative language formats when requested. (Ongoing)

5.5 Mandatory Requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations / contd

#	Priority	Activities	
7	The use of community benefit requirements	A	Community Benefits Clauses will be included in regulated procurements as outlined in the Sustainable Procurement Policy 2022/25 (Ongoing)
		B	Report on the new methodology of delivering community benefits that have been requested by our local communities.
8	Promoting compliance with health and safety at work, including how a supplier/sub-contractor demonstrates compliance	A	Health and Safety considerations will be included at all stages of regulated procurement processes in 2022/25. (Ongoing)
		B	All regulated works procurements in 2022/25 will include reference to the current CDM regulations (Ongoing)
9	Complying with the Council's Sustainable Procurement Policy (Appendix 1) in relation to the procurement of fairly and ethically traded goods and services.	A	The procurement of fairly and ethically traded goods and services will be considered within the CSS of all regulated procurements in 2022/25. (Ongoing)
10	Food procurement.	A	<p>Any regulated catering contracts carried out in 2022/25 will consider the following national guidance throughout the procurement process: 'Better Eating, Better Learning'; 'Beyond the School Gate'; 'Soil Association Food for Life Catering Mark'; 'Catering for Change: Buying Food Sustainably in the Public Sector'; and 'Becoming a Good Food Nation'. (Ongoing)</p> <p>The Council will continue to look for opportunities to include local and sustainable food wherever possible in schools, facilities, venues and to meet social care requirements.</p> <ul style="list-style-type: none"> ○ The Council is committed to including health and wellbeing & animal welfare procurement requirements that promote the health, wellbeing and education of communities. ○ Procurement requirements relating to Food procurement focus on nutritional quality, health & wellbeing, minimising environmental impact such as packaging and sourcing as well as the application of appropriate animal welfare standards in accordance with all relevant legislation.

5.5 Mandatory Requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations / contd

#	Priority	Activities	
10	Food procurement	A	<ul style="list-style-type: none"> ○ The Council will ensure that procurement requirements relating to Fairly and Ethically Traded Goods and Services are applied in a relevant, proportionate and legally compliant manner.
11	Consulting and engaging with those affected by its procurements.	A	Consultations with relevant stakeholder groups will be carried out at the CSS stage of regulated procurements in 2022/25, where relevant and proportionate. (Ongoing)
12	Comply with the Sustainable Procurement Duty.	A	<p>Consideration of Sustainability issues – Social, Environmental and Economic – will be embedded throughout the procurement process for regulated procurements in 2022/25. (Ongoing)</p> <p>Compliance with the Sustainable Procurement Duty.</p> <p>Secured and realised sustainable benefits.</p> <p>Staff involved in the procurement process understand and positively contribute to achieving sustainable outcomes.</p> <p>The Council is reassured that suppliers adhere to the principles of a Fair Work First Practice organisation.</p>
		B	Inclusion of a mandatory sub-contracting clause in regulated procurements where relevant and proportionate. (Ongoing)
		C	Promote sub-contracting opportunities to SMEs through promoting the use of PCS on the Council's website.
		D	Share knowledge and participate in events aimed specifically at local SMEs and third sector bodies, and Scottish suppliers, for example, by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway.
		E	Review existing method of engaging with local supply base and engage with Communications Team and Business Gateway to target a wider audience of potential new suppliers, with the aim of increasing the number of new suppliers on our quick quote distribution list.

- 5.6** Key Performance Indicators by which we will measure the success of the Action Plan are detailed in [Section 7](#).
- 5.7** The Council's current Contract Plan can be found [here](#).

CORPORATE & EDUCATION

Scope/Key Spend Areas

The Corporate & Education Category consists of the following areas:

- Education
- Corporate
- ICT
- HR/Training
- Transport (*including Bus, Air, Boats & Fleet*)
- Catering & Cleaning
- Economic Development
- Travel & Accommodation
- Leisure & Sports

Within Corporate & Education, our overall strategy is to work with all relevant services to review existing contracts or identify new needs and schedule procurement exercises as needed. In doing this, we determine the most appropriate procurement route for the requirement and engage the market as early as possible dependant on the procurement route selected.

2022/25 Strategy

Analysis of the existing spend profile (financial year 2021/22) across the Corporate & Education Category has identified the volume of uncontracted suppliers as a priority areas of focus. The analysis breaks down as follows:

Spend Type	Number of Orders	Total value (£)	Number of suppliers	Average transaction value (£)	Total Percentage
Contracted	23942	£19.84m	290	£828.85	88.61%
Uncontracted	3981	£2.55m	339	£641.03	11.39%

A combination of the followings actions will be in our strategy to address this:

- To continue to support all services to source and purchase goods and services from national and CAT C contracts where possible.
- To continue to increase the remit of the Transactional Purchasing Team (TPT) and grow the team's procurement knowledge and skills to aid services in ensuring best value is achieved for all low value spend.
- To continuously review the eProcurement System (PECOS) to ensure catalogues and suppliers are up to date and available for use by both the TPT and service end users.

Continue to review the system setup of PECOS, test new functionality as it becomes available/resource allows and implement to improve user experience where possible.

- To continue to work with all services to implement the No PO No Payment; eventually resulting in the stopping of all relevant manual batched payments and providing the PCCMT access to line item detail of all supplier spend.
- Continue to support Education Services with all procurement activity via their newly established Education Purchasing Team to increase Education's volume of spend under contract.

Short/Medium Term Strategy

The short-term strategy for the procurement of goods and services within Corporate & Education over the next 2-3 years is:

- **Transactional Purchasing Team (TPT):** Continue to increase the volume of uncontacted spend directed to the TPT for sourcing. Increase volume of Invitation to Quotes (ITQs) processed and awarded via TPT. Complete the roll out of requesting corporate purchases and travel and accommodation requests via PECOS and stop all emailed requests.
- **National Contracts:** As new national contracts become available, assess suitability and carry out Best Value review. If deemed appropriate, roll out to relevant users and on PECOS.
- **PECOS:** Promote the use of CAT C and collaborative contracts to achieve best value via the PECOS Noticeboard and email communications to both TPT staff and PECOS end users.
- **Contract Management:** Continue to undertake contract and supplier management meetings with key suppliers.
- **Catering Contracts:** continue to assess the suitability of Scotland Excel frameworks in order to ensure best value is achieved, along with other priority aims outlined in this guidance such as:
 - Work proactively to identify and support local food and drink suppliers to access the public sector market in Argyll and Bute.
 - Explore opportunities to introduce dynamic procurement opportunities for food and drink where appropriate.
- **Cleaning Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.
- **ICT:** Continue to use available frameworks and procurement services as required.
- **Corporate:** Continue to utilise Scotland Excel and Scottish Procurement frameworks in order to achieve best value and process efficiently. Continue to work with the services to implement CAT C contracts as appropriate.

- **HR Contracts and Training:** Continue working with the service to consider ways of improving and streamlining the central delivery with maximum use of training contracts and frameworks. Work with HR to utilise available frameworks as far as possible.
- **Transport:** Continue to provide procurement support to the School and Public Transport and Strategic Transport Teams. Where possible, encourage and support transport operators to explore more sustainable modes of transport including electric vehicles and the use of alternative fuels.
- **Live Argyll:** Continue to provide procurement services as required.
- **Education:** Complete the Education Purchasing Team Pilot (due to end March 2023). Increase spend under contract, ensure competitive processes are undertaken where needed, and direct appropriate spend to national or collaborative contracts where appropriate.
- **Fair Work First:** Ensure the inclusion of Fair Work First questions covering the five criteria's for all regulated tenders.
- **Sustainability:** Ensure Sustainability and Community Wealth Building are considered at the sourcing strategy stage for all regulated tenders.

Longer Term Strategy

The longer term strategy for the procurement of goods and services within Corporate & Education over the next 3-5 years includes:

- **Collaboration:** Greater engagement with potential partnerships with consideration to more collaborative procurement working, shared services and outsourcing opportunities.
- **Catering and Cleaning:** Provide procurement support for Catering and Cleaning development projects. Ensure all procurement practices support the requirements laid out in the current Programme for Government, including forthcoming requirements expected as part of the Good Food Nation bill, the Community Wealth-building bill and the extension of universal free school meals. Explore opportunities for increasing the provision of organic or agro ecologically sourced food and drink across all food and drink contracts.
- **ICT:** Annually review overarching ICT Category Strategy.
- **Corporate:** Develop an overarching Corporate Category Strategy. Expand the contract and supplier management process.
- **Transport:** Annually review the Passenger Transport Category Strategy. Expand the contract and supplier management process. Explore options to expand demand responsive transport services across different areas of Argyll and Bute.

CONSTRUCTION & ENVIRONMENT

Scope/Key Spend Areas

The Construction & Environment Category consists of the following areas:

- Construction Consultancy
- Construction Supplies
- Building Works & Services
- Infrastructure Works & Services
- Environment

An analysis of the existing spend profile within the Construction & Environment Category has identified a number of priority areas of focus. These key areas include:

- Procurement of all goods and low value services (up to £20,000) within Roads and Infrastructure Services routed through the Construction Purchasing Team via dandipurchasing@argyll-bute.gov.uk. Using PECOS, the team promote the use of local and collaborative contracts across the service to achieve maximum savings. In addition, the team will also source non contracted items to achieve best value.
- Major Projects – Procurement and contract management support will be provided to ongoing and upcoming projects, including the Helensburgh Waterfront Development project and the Rothesay Pavilion Regeneration project.
- Statutory Maintenance Contracts – Providing procurement support for ongoing and upcoming term contract requirements.
- Rural Growth Deal (construction and infrastructure related themes).

Short/Medium Term Strategy

The short term strategy for the procurement of works, goods and services within Construction & Environment over the next 2-3 years is:

- Continue to put in place framework agreements to cover core areas of spend, including Marine Operations.
- Continue to ensure adequate resource to support Major Projects programme procurement.
- Increase volume of Quick Quotes raised via Construction Purchasing Team for the purposes of operation efficiency and achievement of savings.
- Roll out of process for Corporate purchases and travel and accommodation requests via PECOS to Development & Infrastructure Services.
- Replace the Vendor Rating System for Building Works Quick Quotes with a Dynamic Purchasing System to further support SMEs and local contractors in accessing opportunities.

- Provide support to the HSCP and Council teams with the development of the Place Based Review in Dunoon and Rothesay.
- Introduce Fair Work Practices evaluation criteria into Construction & Environment tenders in line with the Council's new standard approach across all contracts.
- **Statutory Maintenance Term Contracts:** The PCCMT is currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to buildings maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible.
- **Consultancy Services:** In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical services suited to the Council's requirements – where possible, these should be created using methods to encourage local SMEs to submit tenders. New or revised frameworks could include Ecologists, QS services, Architectural, Civil/Structural, etc. i.e. all Design Services, even where that service is available in-house (to provide support where there are capacity issues).

Longer Term Strategy

The longer term strategy for the procurement of works, goods and services within Construction & Environment over the next 3-5 years includes:

- With regards to Waste Management, changes in legislation will bring new requirements for the Council (construction of new processing, sorting facilities on the Islands, covering landfill sites, etc) to be confirmed by the Service.
- Assist Services in increasing their commercial awareness in terms of opportunities on Public Contracts Scotland, subject to availability of adequate resource in the service.
- Provide procurement support to assist the Property Services team with increasing levels of contracted statutory maintenance spend from the current levels.

CARE, EARLY YEARS & HOUSING

Scope/Key Spend Areas

The Care & Housing Category consists of the following areas:

- Adult Services
- Children's Service
- Housing & Homelessness Services
- Early Years
- Aids and Adaptations

An analysis of the existing spend profile within the Care & Housing Category has identified key areas of focus.

The highest spend within the Care and Housing Category comes from the Health and Social Care Partnership (HSCP). The HSCP are in the process of developing their Joint Strategic Commissioning Plan (JSCP) which will align with the principles of the [Feeley Review](#) in informing the procurement of future Service Provision.

The JSCP will include the following broad aims:

- ensure we deliver the best services available with the resources which we have;
- give clarity for services providers regarding our approach to the health and social care market within Argyll and Bute and how we aim to deliver a balanced market through our commissioning and procurement arrangements;
- provide our communities with more information regarding the cost, availability and quality of services to help them to make informed choices to meet their health and social care needs;
- Describe what we think future demand in health and social care might look like within Argyll and Bute and in each locality. This includes describing how we think our services should change in future to meet the needs and expectations of our communities, national strategies and demographic change.

In meeting these aims and implementing the principles of the Feeley Review, the function of procurement and commissioning may look different. We anticipate a greater focus on equal partnership, community involvement (including supported people) and use of models that support co-production, for example [Public Social Partnerships](#) and [Alliance Contracting](#).

While we can't predict what new services will look like, we can expect that the following will be key areas of focus:

➤ **Care at Home and Supported Living Services**

Local contracts for Care at Home Services to older people and Supported Living Services to adults with support needs related to learning disability are in place to 31st March 2022, with the option to extend for 1 further year.

The HSCP is in the early stages of developing a Care at Home Strategy for Older People; and reviewing the provision of services aimed at other adults, with a particular focus on ensuring contracted support for those with mental health needs. This work will inform models of support including a procurement process that is proportionate and in keeping with the Feely Review.

Scotland Excel have developed a national contract for delivery of these services. Argyll and Bute Council (on behalf of the IJB) were involved in the development of this contract and are named on the contract, however, are not using it at this stage. This will be considered as part of future sourcing strategy.

➤ **Older People's Care Homes**

Work continues by Scotland Excel at a national level on the development of a new National Care Home Contract and it is our intention to continue using this. However, we must be aware of the continuing risk that negotiations will fail. In that instance, Argyll and Bute HSCP would require locally negotiated contracts and/or collaborative arrangements with other partnerships.

➤ **Carers Support Services**

Contracts are in place with key partners for the delivery of services to support the implementation of the 'Caring Together, Argyll and Bute Carers' Strategy and Implementation Plan 2018-2023'. These contracts come to an end in April 2022, with the option for a 1 year extension to April 2023. The future commissioning of these services will be influenced by the strategic direction set out by the JSCP and informed more specifically by consultation, local needs and community assets.

➤ **Adult and Children/Young People's Residential Placements (outside Argyll and Bute)**

The HSCP is continuing to work towards keeping more young people in Argyll and Bute. This may result in some related procurement activity in the term of this Strategy.

➤ **Aids and Adaptations**

A collaborative contract for supply, delivery and maintenance of disability equipment to people living at home is available for use by HSCPs across Scotland. Argyll and Bute HSCP opted out of the current contract but work on the new contract is expected to commence in 2021, and PCCMT would recommend that the HSCP sign up to it or develop a sourcing strategy for a bespoke contract.

➤ **Technology Enabled Care (TEC)**

While this area is not captured as a key focus in recent spend analysis, a major design change (analogue to digital) will result in a future procurement process. In addition, the general profile of TEC is increasing and this may be reflected in spend and procurement activity over the period of this Strategy.

Outside of the HSCP, the following will be key areas of focus:

➤ **Early Learning and Childcare Services**

Contracts are in place for the Scottish Government's policy of delivering 1140 hours of funded childcare to eligible children, this contract is in place to August 2023. The focus is now on ensuring sustainable provision and the agreement of a rate that will reflect national policy priorities and enable payment of the real Living Wage to all workers delivering the funded requirement.

➤ **Housing**

New contracts are in place/soon to be in place for Tenancy Support Services and Serviced Accommodation for people that are homeless or identified as being at risk of homelessness. The focus during the term of the Strategy will be on contract management. The Housing Service are involved in the development of the HSCPs JSCP and will be a key partner in the design and commissioning of future models of care.

Short/Medium Term Strategy

The short term strategy for the procurement of goods and services within the Care, Early Years & Housing Category over the next 2-3 years is:

Specific Procurements:

- The Council's continued participation in the National Care Home contract is expected and recommended. Scotland Excel are now actively involved in the negotiation process with COSLA and have successfully negotiated the contract for the year 2021/22. It is expected that from 2022/23 a longer term arrangement will be negotiated. The risk of failure of negotiations must continue to be monitored.
- Scotland Excel have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected.
- PCCMT will be involved in the development of the JSCP and the strategic planning work underway for Adult Services, in particular, Care at Home and Supported Living Services. This work will inform the sourcing strategy for the future procurement of these services, including consideration of any Scotland Excel or other collaborative contracts.
- As stated above, Carer Support Service contract will come to an end April 2023, at the latest. Work will therefore commence shortly on the planning/development of a commissioning process for future service provision.
- TEC – The profile of Technology Enabled Care (with the move from analogue to digital) is increasing, PCCMT will monitor this through attendance at the TEC steering group.

General Activity:

- Continue involvement in the development of the JSCP and related work streams. This work will likely prompt reviews of specific service areas, and result in procurement process and/or redesign of contracted services.
- To comply with the Guidance on the Procurement of Care and Support Services 2016 (Best Practice), making use of the provisions of the Light Touch Regime (LTR), where appropriate, under the Public Contract (Scotland) Regulations 2015. The LTR allows consideration of wider factors when sourcing Health, Social Care and Education services and legitimises their influence in decision making. These wider factors allow procurement activity to take account of the strategic vision of the HSCP, for example, in relation to sustainability; improved outcomes; continuity; choice and affordability.
- To procure in a way that is in line with and sensitive to the expected national direction from the Scottish Government and the Feeley Review.
- While we await more information on the implementation of the Feely Review, we will continue to support customers in making best use of the procurement options available, ensuring that sourcing strategies balance the desire for longer term contracts; partnership working and co-production with procurement related risks.
- To ensure that Fair Work First criteria is implemented in all procurements and reflected in Contract Management activity in line with the guidance in [SPPN 6/2021](#).
- PCCMT will be involved in the remobilisation (or redesign) of services that have changed in response of COVID-19 to ensure that the HSCP have an awareness of any procurement requirements and contract implications.
- To continue to undertake contract and supplier management activity with key suppliers.
- To improve communication with customers by developing and promoting guidance and reports in relation to procurement and contract management activity.
- To provide general advice to the HSCP in relation to their management and review of Service Level Agreements (SLAs) to help achieve best value.
- To have a greater focus on Community Benefits as part of contract management to ensure that more of the provider's efforts are captured and formally recorded.
- To continue to review the terms and conditions for care services.
- To work with colleagues in the HSCP to ensure that contracts are in place to maximise the Self-Directed Support (SDS) options as far as possible and to support the HSCP in balancing the risks of choice and control against best value (including procurement regulations).
- To ensure that suppliers providing services to vulnerable clients manage their health and safety risks appropriately. This will be achieved via proportionate and relevant checks pre-contract award and as part of contract management.
- To continue to work with customers and involve and guide them in the Contract and Supplier Management process to ensure maximum benefits are realised from the contract.

Longer Term Strategy

The longer term strategy for the procurement of goods and services within the Care, Early Years & Housing Category over the next 3-5 years includes:

- Develop and continue to review Commodity Sourcing Strategy coverage for all high value/high risk procurements, ensuring that these strategies compliment National Direction and the strategic vision of customers.
- Continue active involvement in national activity lead by Scotland Excel and other relevant bodies.
- Continue to seek innovative solutions for compliant procurement processes for Services to the Person, e.g. flexible frameworks.
- Continue to provide procurement support advice and assistance to the relevant customers, in order to ensure that they are receiving best value quality services from its suppliers, delivered safely and without unacceptable risks to health.
- Through appropriate and proportionate procurement and contract management activity, we will contribute to the achievement of our customers' strategic vision.

7.1 The Council's total procurement spend in 2021/22 on supplies, services and works was £158.8 million, this is broken down by Category in the table below.

Table 1: Procurement Spend by Category for 2021/22

Category	Total Spend 2021/22
Construction & Environment	£81.58m
Corporate & Education	£22.40m
Care & Housing	£54.82m
Total	£158.80m

7.2 The following table shows the Council's spend in more detail by vCode Business Sector, a classification system appended by the Scottish Procurement Information Hub.

Table 2: Procurement Spend by vCode Business Sector for 2021/22

vCode Business Sector	Total Spend 2021/22
Social Care & Services	£46.54m
Construction	£37.65m
Facilities Management	£18.89m
Waste & Environmental Services	£10.35m
Travel & Accommodation	£6.30m
Other Goods & Services	£5.79m
Vehicles	£5.76m
ICT	£4.60m
Utilities & Energy	£4.18m
Healthcare	£3.75m
Arts, Sport & Leisure	£2.44m
Transport	£1.90m
Human Resources	£1.89m
Education	£1.64m
Financial Services	£1.45m
Business Support Services	£1.02m
Food, Beverage & Catering	£0.91m
Animals & Farming	£0.60m
Public Sector Bodies	£0.57m
Professional Services	£0.52m
Security Equipment & Services	£0.50m
Legal	£0.36m
Data Not Available	£0.35m

Table 2: Procurement Spend by vCode Business Sector for 2021/22/contd

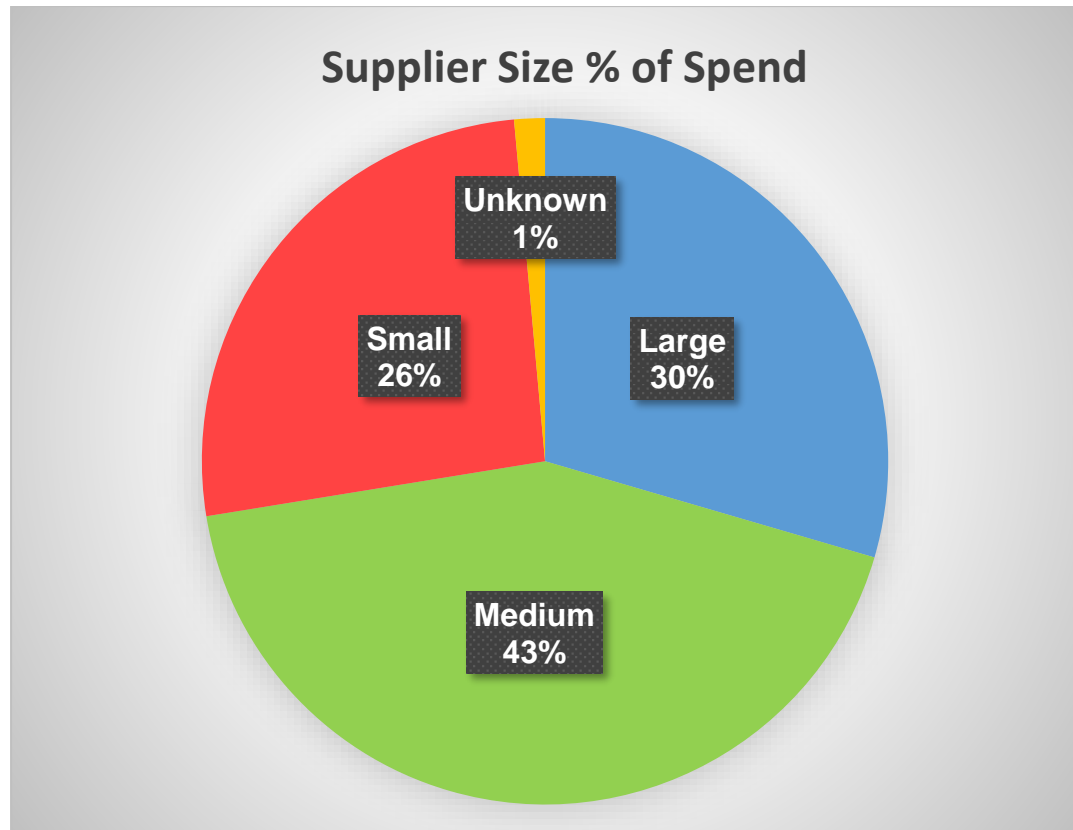
vCode Business Sector	Total Spend 2021/22
Manufacturing & Machinery	£0.28m
Marketing & Media	£0.26m
Stationery & Office Products	£0.15m
Clothing	£0.05m
Retail & Wholesale	£0.04m
Laboratory	£0.03m
Personal Care	£0.02m
Charitable & Religious Activity	£0.003m
Total	£158.80m

- 7.3** The top 20 suppliers to the Council account for 47.9% of the procurement spend. The following table shows the top suppliers and spend for the year 2021/22.

Table 3: Spend with Top 20 Suppliers in 2021/22

Supplier Name	Total Spend 2021/22
ABC Schools Ltd	£15.36m
Heron Bros Ltd	£10.25m
Renewi Argyll and Bute Ltd	£6.89m
Hub North Scotland Ltd	£5.52m
Carr-Gomm Society Ltd	£4.85m
West Coast Motor Services Co.	£4.81m
Enable	£4.50m
Kiely Bros Ltd	£3.22m
Hillhouse Quarry Company Ltd	£2.89m
Econ Engineering Ltd	£2.61m
DCF Joiners & Building Services Ltd	£1.84m
HC One Ltd	£1.72m
BCA Insulation	£1.71m
Key Housing Association Ltd	£1.64m
Affinity Trust	£1.61m
Mckenzie Care Homes Ltd	£1.57m
Carers Direct Ltd	£1.47m
TSL Contractors Ltd	£1.22m
Barr Environmental Ltd	£1.20m
Breedon Aggregates Scotland Ltd	£1.15m
Total Spend with Top 20 Suppliers	£76.03m

- 7.4** In 2021/22, spend with SMEs accounted for 69% of procurement spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2021/22.



7.5 Key Performance Indicators:

Key Performance Indicators	Provisional 2022/25 Target
Procurement spend with contracted suppliers (%)	90%
Contracts awarded to SMEs (% of contracts awarded)	76%
Local suppliers bidding for business with the Council (% of bids received)	20%
Tenders won by a local supplier where a local supplier has placed a bid (%)	20%
Invoices paid within 30 days (%)	95.5%

8.1 IMPLEMENTATION

8.1.1 Consultation

The Council will undertake relevant and proportionate consultation and engagement as part of the preparation of this Procurement Strategy. This will help to ensure that our approach and strategy takes account of stakeholders' views and that stakeholders have the opportunity to engage and contribute to the development of the Strategy. This will allow us to gain a better understanding of the needs of Argyll and Bute and to tailor our Strategy to reflect those needs.

The key stakeholder groups identified for inclusion in this consultation are:

- Argyll and Bute Council Employees
- Argyll and Bute Councillors
- MP and Local MSPs
- Key Suppliers
- Community Planning Partners
- Other interested parties
- The general public

The full details of our consultation are included within a report to the Council's Procurement Board; this covers what will be involved in the consultation, and the inclusion of feedback to the final Strategy.

8.1.2 Approval of Strategy

The Procurement Strategy will be approved in line with the Council's standard process. After the consultation is complete, the draft Strategy will be finalised and sent for approval by the Departmental Management Team, the Executive Leadership Team and the Policy and Resources Committee.

8.1.3 Publication of Strategy

The Council will publish this Procurement Strategy on our website, and will notify Scottish Ministers of the publication of our Strategy.

8.2 REVIEWING

The Council will review this Procurement Strategy annually. This will help to ensure that we maintain alignment of our procurement activity with our broader priorities and will allow us to revise our Strategy where necessary.

8.3 REPORTING

The Council will, as soon as reasonably practicable following the end of the financial year, prepare an Annual Procurement Report which will include:

- A summary of all regulated procurements completed in the year.
- A review of whether these procurements complied with this Procurement Strategy.
- A statement detailing how it is intended that future compliance will be achieved where any procurements were found not to have been carried out in accordance with this Procurement Strategy.
- A summary of any community benefit requirements imposed as part of a regulated procurement that was completed during the year.
- A summary of steps taken to facilitate the involvement of supported businesses in regulated procurements completed during the year.
- A summary of anticipated regulated procurements expected to commence in the next two financial years.
- Anticipated future procurements.
- Any other information as specified by the Scottish Ministers.

National Policies:

- [Equality Act 2010](#)
- [Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#)
- [Organisation for Economic Co-Operation and Development](#)
- [Procurement and Commercial Improvement Programme \(PCIP\) – Overview](#)
- [Procurement Journey](#)
- [Procurement Reform Update \(SPPN 1/2016\)](#)
- [Public Contracts Scotland](#)
- [Public Contracts Scotland Tender](#)
- [Scottish Model of Procurement](#)
- [Scottish Procurement Information Hub](#)
- [Scottish Sustainable Procurement Duty](#)
- [Workforce Matters \(SPPN 1/2015\)](#)

Local Policies:

- [Community Benefits Clauses in Procurement Guide](#)
- [Council Constitution](#)
- [Economic Strategy 2019-2023](#)
- [Equality and Diversity Policy](#)
- [Health and Safety Policy](#)
- [Sustainable Procurement Policy 2021/22](#)

Term	Description
Annual Procurement Report	The Procurement Reform (Scotland) Act 2014 requires all contracting authorities obliged to publish a Procurement Strategy, to publish an Annual Procurement Report on its regulated procurement activities as soon as reasonably practicable after the end of its financial year.
Award	A decision to accept a tenderer's offer to supply/provide specified goods/services/works according to agreed terms and conditions, thereby creating a legally binding contract.
Best Value	The duty under the Local Government Act in Scotland 2003 to secure continuous improvement in the economy, efficiency and effectiveness with which they exercise their functions.
BPIs	Best Practice Indicators - A common, core set of National Procurement Best Practice Indicators (BPIs) were developed by the Scottish Government and designed to be applicable and useful to PCCMTs in all parts of the public sector in Scotland.
Brexit	An abbreviation for "British exit," referring to the UK's decision in a June 23, 2016 referendum to leave the European Union (EU).
CARR	Contract Award Recommendation Report
CAT C	At a national procurement level, Category C are local contracts for use by individual public bodies.
Category	A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.
Category Management	Procurement approach used within Argyll and Bute Council to manage categories of spend to increase efficiencies and expertise.
CDM Regulations	Construction (Design and Management) Regulations 2015
Collaboration	Cooperative joint working with another public sector organisation.
Commodity Sourcing Strategy	A document that shows the preparatory thinking that is done about a procurement process, including sustainability considerations, stakeholders to be involved, risks etc.
Community Benefits Clauses	Community Benefits Clauses provide a means of achieving sustainability in public contracts.
Contract Award Notice	A notice published on Public Contracts Scotland that a previously advertised opportunity has been awarded.

Term	Description
Contract Management	The process of monitoring the performance of a supplier to contract.
Contract Notice	Advert to invite applicants to express interest and apply to tender, or to be pre-qualified.
Contractor	The provider of any supplies, services or works under contract. Or, in the context of works, at any stage of the process.
COSLA	Convention of Scottish Local Authorities - a Councillor-led, cross-party organisation who champion Councils' work to secure the resources and powers they need. They work on Councils' behalf to focus on the challenges and opportunities they face, and to engage positively with governments and others on policy, funding and legislation.
CSS	Commodity Sourcing Strategy - A document that shows the preparatory thinking that is done about a procurement process, including sustainability considerations, stakeholders to be involved, risks etc.
Demand Management	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption.
DMT	Departmental Management Team within Argyll and Bute Council
DPS	Dynamic Purchasing System - Electronic system that can be established to purchase goods and services, similar to a framework agreement, but where new suppliers can join at any time.
ELT	Executive Leadership Team within Argyll and Bute Council
Equality Duty	Compliance with the terms of the Equality Act 2010 and any guidance provided by the Scottish Ministers for local authorities to comply with the Public Sector Equality Duties.
Fair Work First	Fair Work First is the Scottish Government's flagship policy for driving high quality and fair work across the labour market in Scotland by applying fair work criteria to grants, other funding and contracts being awarded by and across the public sector, where it is relevant to do so.
Framework Agreements	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular, the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.

Term	Description
HSCP	Health and Social Care Partnership, also referred to as the Argyll and Bute Integrated Joint Board being the Integration Joint Board established by Order under Section 9 of Public Bodies (Joint Working) (Scotland) Act 2014.
ICT	Information and Communications Technology
IJB	Integration Joint Board
KPIs	Key Performance Indicators. Measurable value that demonstrates how effectively the Council is carrying out procurements.
LTR	Light Touch Regime - Reference to the process for the award of a public contract for social and other specific services.
MEAT	Most Economically Advantageous Tender - Taking account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision.
NEC	New Engineering Contract - is a formalised system created by the UK Institution of Civil Engineers that guides the drafting of documents on civil engineering and construction projects for the purpose of obtaining tenders, awarding and administering contracts.
Notice	Advert
PCCMT	Procurement, Commercial and Contract Management Team within Argyll and Bute Council
PCIP	Procurement Commercial Improvement Programme Assessment Annual assessment of public sector organisations that focuses on the policies and procedures driving procurement performance and the results they deliver.
PCS	Public Contracts Scotland - The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
PCS-T	Public Contracts Scotland-Tender - The national eTendering system.
PECOS	Professional Electronic Commerce Online System – cloud based purchase to pay system used by Argyll and Bute Council.
PIN	Prior Information Notice - Early notices on PCS to advise of the intention to advertise later.
Procurement Exercise	Full end to end procurement exercise documentation from strategy development to contract and supplier management.

Term	Description
Procurement Function	The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.
Procurement Journey	Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an ongoing basis with feedback from users and any other identified good practice guidance and tools, where appropriate, to ensure a standardised approach to the supply base.
Procurement Manual	Internal Argyll and Bute Council operational procurement guide.
Procurement Strategy	The Procurement Reform (Scotland) Act 2014 requires contracting authorities with significant procurement expenditure in the next financial year to publish a procurement strategy setting out how they intend to carry out regulated procurements, or review the current strategy and make appropriate revisions.
P2P	Purchase to Pay Process - Entire supply chain process, from goods receipt to payment process.
Quick Quote	Procurement method for lower value tenders, where the Invitation to Quote/Invitation to Tender is sent to a set distribution list of suppliers rather than being publically advertised.
SBCC	Scottish Building Contract Committee – organisation to produce building contracts designed to meet the needs of the construction industry in Scotland.
Scotland Excel	Scotland Excel is the Centre of Procurement Expertise for Scotland's local government sector.
Scottish Procurement	Directorate within the Scottish Government, carrying out procurements on behalf of the Scottish public sector.
SDS	Self-Directed Support
Services/ Supplies/ Works	<p>A public service contract is a contract having as its object the provision of services.</p> <p>A public supply contract is a contract having as its object the purchase, lease, rental or hire purchase with or without an option to buy, of products.</p> <p>A public works contract is a contract having as its object a building or civil engineering project or piece of work.</p>
SLA	Service Level Agreement – A commitment between a service provider and a client.

Term	Description
SMEs	Small and Medium Enterprises - The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Social Enterprises	Businesses whose primary objectives are social or “more than profit”.
SOCO	Serious and Organised Crime Organisations
Specifications	The part of the invitation to quote or invitation to tender which details the nature and quality of the goods, services or works.
Stakeholder	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.
Standing Orders	The set of rules governing the procurement and financial regulations with which the Council must comply, in terms of the Local Government Scotland Act 1973.
Supplier	An entity who supplies goods or services
Supplier Development Programme	A business support initiative using training and information to improve the competitiveness of local businesses.
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
Supported Business	A supported business’ primary aim is the social and professional integration of disabled or disadvantaged persons. At least 30 per cent of the employees of those businesses should be disabled or disadvantaged.
Sustainability	In relation to procurement, sustainability involves understanding the potential environmental, social and economic impacts that are a result of purchasing decisions.
Tender	An offer, or bid, by a tenderer in response to an invitation to tender (ITT) or a mini-tender in a framework agreement.
Third Sector	The third sector includes charities, social enterprises and voluntary groups; delivers essential services, helps to improve people’s wellbeing and contributes to economic growth.

Term	Description
Value for Money	An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
Vendor Rating System	Internal Argyll and Bute Council methodology for selection of distribution lists for Works Quick Quotes.
Whole Life Costs	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.

- 11.1** The Argyll and Bute Council Procurement, Commercial and Contract Management Team are part of the Legal and Regulatory Support Services team which sits within the Customer Services Directorate.
- 11.2** The Procurement, Commercial and Contract Management Team works with the Council's Services and suppliers to develop contracts and procedures to deliver Best Value.
- 11.3** The team is responsible for the procurement of works, goods and services for all Council departments; and for developing procurement processes, procedures, strategies and policies in line with national best practice.
- 11.4** If you have any queries in relation to this strategy, please contact:
- Anne MacColl-Smith, Manager, Procurement, Commercial and Contract Management Team
 - Procurement@argyll-bute.gov.uk



Argyll and Bute Council

SUSTAINABLE PROCUREMENT

POLICY

2022/25

1 INTRODUCTION

- 1.1 Sustainable procurement is defined in the Scottish Government's "Sustainable Procurement Action Plan for Scotland" (2009) as the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment.
- 1.2 In recent years, Sustainable Procurement has become an increasingly important item on the Scottish political agenda. Procuring sustainably involves understanding the potential environmental, social and economic impacts that are a result of our purchasing decisions.

Argyll and Bute Council's Sustainable Procurement Policy sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value. The Policy also supports the delivery of the Council's Decarbonisation Plan.

- 1.3 Argyll and Bute Council is one of the region's major purchasers, with a total procurement spend in 2021/22 of £158.8 million, on a diverse range of goods, services and works from third parties, and recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come. It is important that this enormous spending power is used to support key Council objectives.
- 1.4 This Sustainable Procurement Policy has been developed to help the Council deliver its key strategic objectives and to meet a range of duties relating to sustainable development and climate change. This policy expands on the commitment to sustainable procurement which is set out in the Council's Procurement Strategy 2022/25. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. From writing sourcing strategies to evaluating bids, the Council should seek to integrate relevant sustainability issues into its everyday procurement activity.

2 POLICY STATEMENT

- 2.1 The aim of this Sustainable Procurement Policy is to ensure that Argyll and Bute Council embeds the principles of sustainability within its procurement activities to ensure that only products and services which can be described as 'best value' are selected and that in all cases a balanced consideration of economic, social, and environmental impacts are undertaken throughout the procurement process.
- 2.2 This Policy also aims to ensure that Argyll and Bute Council's employees, contractors and suppliers are aware of the Council's commitment to long-term economic, social, and environmental sustainability.

- 2.3** Adoption of this policy shall contribute to the Council's Best Value obligations, towards the Procurement & Commercial Improvement Programme (PCIP), Best Practice Indicators (BPIs) and towards Climate Change targets.
- 2.4** Sustainable Procurement also contributes to the Scottish Government's seven Purpose Targets of Economic Growth, Productivity, Participation, Population, Solidarity, Cohesion and Sustainability.

2.5 Council Commitment

The Council will strive, where appropriate and possible, to ensure that decisions on the procurement of resources and/or in relation to the provision of grant funding or financial assistance to any organisation or individual are undertaken in line with our sustainability commitments and that commercial relationships are formed and nurtured with supplier and partnering organisations who share our values on sustainability.

3 PUBLIC SECTOR PROCUREMENT LANDSCAPE AND SUSTAINABLE PROCUREMENT

There are various pieces of legislation/Scottish Government tools/best practice which impact on the Council's Sustainable Procurement Policy:

- Revised Flexible Framework
- The Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014 (including the Sustainable Procurement Duty)
- Waste (Scotland) Regulations 2012
- Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
- Climate Change (Scotland) Act 2009; the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019; and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020
- Local Government in Scotland Act 2003

4 LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT

There are also various internal policy documents and strategies which impact on the Council's Sustainable Procurement Policy:

- Argyll and Bute Outcome Improvement Plan 2013-2023
- Argyll and Bute Council Corporate Plan for 2018-2022
- Argyll and Bute Council Procurement Strategy 2022-2025
- Argyll and Bute Council Procurement Manual
- Argyll and Bute Council Community Benefits in Procurement Guide
- Argyll and Bute Council Decarbonisation Plan 2021

5 SUSTAINABLE PROCUREMENT METHODOLOGY

5.1 Priorities

The Council's Sustainable Procurement Policy will give guidance and direction, whilst remaining flexible to change as the Council continues to embed sustainability into the procurement process. This policy outlines the key sustainable procurement commitments which will be applied to all procurement activity carried out by the Council. Compliance with this policy and other linked policies set out in this document is mandatory. This will be achieved by a focus on the following priorities within the structure of the revised Flexible Framework:

1 People

- a) We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- b) We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- c) We will publicise our commitment and successes in Sustainable Procurement.

2 Objectives, Strategy & Communications

- a) We will carry out sustainable procurement whilst complying with national procurement regulations that protect and encourage open and transparent public procurement.
- b) We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council's internal Strategies.
- c) We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.
- d) We will communicate this policy and accompanying guidance to all Council staff and elected members.

3 Process

- a) We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process, including within strategy documents and contract conditions and specifications.
- b) We will use Community Benefits Clauses, where appropriate, in line with the Council's Community Benefits Clauses in Procurement Guide, reporting on achievements to the Council's Procurement Board on a quarterly basis.
- c) In relation to economic considerations, our priorities will be:
 - To use mandatory sub-contracting clauses in all proportionate and relevant contracts;
 - To lot contracts where appropriate to encourage small and medium size organisations to bid, and to ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.
- d) In relation to social considerations, our priorities will be:
 - To ensure there is no intentional discrimination against specific groups of people when undertaking procurements - Equalities and Diversity considerations will be embedded throughout the procurement process;
 - To ensure that our contract terms require suppliers to support the health, safety, welfare and rights of their employees and supply chain – ensuring that the Council does not support human trafficking or modern slavery;
 - To promote fair trade options throughout the Council;
 - To promote the use of Supported Businesses, where their prices and capacity to deliver is comparable to the rest of the market.
- e) In relation to environmental considerations, our priorities will be:
 - To ensure that our procurements minimise our contribution to climate change and support goods, services and works that are well-adapted to the consequences of a changing climate;
 - To ensure that our procurements are necessary – where appropriate re-using, repairing or refurbishing existing goods;
 - To specify fresh, seasonal, nutritious and, where possible, organic food, and to not knowingly purchase genetically modified food or food with genetically modified ingredients;

3 (e)/contd

- To specify minimum packaging, reusable packaging and packaging take-back;
- To provide procurement support to any strategic decisions taken by the Council in relation to the usage of Single Use Plastic products and their recyclability;
- To minimise any negative impacts of our procurements on biodiversity;
- To use recycled paper throughout the Council where there are no compatibility issues with existing equipment;
- To consider animal welfare when procuring and, wherever possible, to not purchase goods developed using animal testing.

4 Engaging Stakeholders

- a) We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- b) We will support local and regional small and medium sized enterprises, voluntary and community groups, third sector organisations, social enterprises, charities and cooperatives, businesses involving minority individuals and groups, and individuals and groups with protected characteristics, to participate in procurement opportunities.
- c) Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.
- d) We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chain.
- e) We will consult with stakeholders, including suppliers, third sector agencies and social enterprises, to ensure views are considered on sustainable outcomes sought.

5 Monitoring & Reporting

- a) The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- b) We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- c) We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- d) We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, Equality reporting requirements, and internal reporting of Community Benefits achieved.
- e) We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and report on our progress.

5.2 Implementation:

- 5.2.1 All Services of the Council will be expected to support the implementation of this Policy.
- 5.2.2 To ensure the successful implementation of this policy, all procurement staff will receive training on the contents.

5.3 Monitoring:

- 5.3.1 All progress against the stated priorities within this Policy will be reported on an annual basis.

5.4 Review:

- 5.4.1 This Policy will be reviewed by the Procurement, Commercial and Contract Management Team annually to ensure that it remains up to date in terms of any relevant new legislation or guidance, and to ensure that it continues to deal with the issues it was designed to address.
- 5.4.2 The Council will ensure that when the Policy is reviewed, key stakeholders are consulted by seeking their views on the content of the policy.

6 SUMMARY

Argyll and Bute Council is committed to the ongoing development and delivery of sustainable procurement for all three strands of sustainability: environmental, social and economic. By adopting the approach detailed above, this Sustainable Procurement Policy will help deliver local and national objectives which, in turn ensures a more sustainable outcome to our procurement activity.

For Further information please contact:

Elaine Appleby - Sustainability Lead Officer
Procurement, Commercial and Contract Management Team
Elaine.appleby@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CLIMATE CHANGE BOARD****8th December 2022**

CLIMATE CHANGE BOARD UPDATE & DE-CARBONISATION TRACKER

1.0 EXECUTIVE SUMMARY

- 1.1 Argyll and Bute Council has been addressing climate change themes for over 7 years through its well established Climate Change Board. There has been a notable reduction in the overall carbon emissions generated by the Council in the past 5 years – reducing by over a third – through its De-Carbonisation Plan. Whilst our region is well placed in terms of overall natural assets and relative low number of carbon emitting sources a great deal of work still needs to be done to achieve Net Zero obligations by 2030 and 2045 plus become resilient for effects of more severe weather events and sea level rises in coming years.
- 1.2 The purpose of this report is to summarise and highlight some of the main activities of the Climate Change Board over the previous quarter.

2.0 RECOMMENDATIONS

- 2.1 The Policy and Resources Committee are asked to note and consider the updates contained at Section 5 of the report and the full De-carbonisation Tracker update contained within Appendix A.

CLIMATE CHANGE BOARD UPDATE & DE-CARBONISATION TRACKER

3.0 INTRODUCTION

3.1 This report highlights recent activity of Climate Change Board.

4.0 RECOMMENDATIONS

4.1 The Policy and Resources Committee are asked to note and consider the updates contained at Section 5 of the report and the full De-carbonisation Tracker update contained within Appendix A.

5.0 SUMMARY UPDATES OF CLIMATE CHANGE BOARD

A - Election of Policy Lead for Climate Change & Environment to Climate Change Board

- 5.1 Following discussion at August P&R Committee it was agreed that Policy Lead for Climate Change and Environment, Cllr Ross Moreland, would be elected to the Climate Change Board (CCB). Up until this point the Board had been fully resourced by Officers and staff of our partners.
- 5.2 Cllr Moreland joined the October Meeting of CCB which had range of agenda topics and contributed widely on matters such as Local Heat Energy Efficiency Plans (LHEES), Waste, Carbon Footprint submissions and Carbon Literacy Training. The minute from that meeting reflects that both Cllr Moreland & Officers considered the political presence at CCB was constructive.

B – Kilmory Biodiversity Project Shortlisted for 3 National Awards

- 5.3 A project backed by CCB and previously discussed at Policy & Resources Committee and delivered earlier in 2022 has now been shortlisted for 3 national awards.
- 5.4 Argyll & Bute Council, ACT and Scottish & Southern Electric Networks (SSEN) partnered to plant 30ha planting in our Kilmory Estate in Lochgilphead on land as part of woodland conservation and compensatory planting resulting from power line upgrades. The sapling planting commenced in the summer of 2022 and has recently completed. The planting will help towards meeting the twin challenges of the climate and biodiversity crisis and establishes an innovative partnership approach – some other spin off projects are already being discussed.

- 5.5 The planting is native and contributes to Argyll's rainforest, also known as Atlantic woodland or Celtic rainforest (which is high value carbon sequestration), is a unique and rare habitat of ancient and native woodland, open glades, boulders, rocky cliffs and river gorges. By planting native species such as alder, willow, oak, aspen and blackthorn the planting will support local flora and fauna, creating natural habitats for native species to thrive, supporting commitments to deliver biodiversity net gain and compensatory planting on all its major projects
- 5.6 The awards the project has recently been shortlisted for are; (1) Scottish Renewables Green Energy Awards (2) RSPB Nature of Scotland Awards (3) Utility Week Awards. Outcomes from these award shortlistings will be known prior to Christmas. Both nominations and outcomes will be publicised.

C – Carbon Literacy Training / Climate Change Training

- 5.7 The Council has been rolling out a programme of accredited Carbon Literacy Training. The Programme is tailored to both Elected Councillors and also senior Officers within the Council. It has been developed and delivered by ACT with delegates who pass assessment being awarded a nationally recognised Carbon Literacy Certificate.
- 5.8 The Argyll and Bute focussed course is also available free of charge (limited places) to community groups. So far around 25 Councillors and Officers have completed the workshop elements of the course with more cohorts to run in coming months. The wider the knowledge base of Climate Change the more informed decisions can be made in relation to the topic. There is also opportunity to obtain corporate carbon literate recognition once sufficient numbers of delegates have passed the course.
- 5.9 Online Climate Change training for all networked staff (access to a computer) will also be available in early 2024 as our electronic training system LEON has a progressed version with assessment that is nearing completion.

D – HEEPS Warmer Homes – NOW ENERGY EFFICIENT SCOTLAND: AREA BASED SCHEME (EES:ABS)

- 5.10 The Council was awarded a grant by the Scottish Government of £2,011,323 under their Energy Efficient Scotland: Area Based Scheme (EES:ABS) in July 2022 to facilitate a programme of retrofitting insulation measures in privately owned and privately rented homes throughout Argyll and Bute. The programme runs from 1st July to 30th June each year, and since 1st July 2022 £796,210.57 has been spent on insulation measures to date. The Energy Efficiency Team projects that the budget will be spent in full with expectations that an application will be made to request further funding early in 2023.
- 5.11 The programme covers the entire Argyll and Bute area with geography being no barrier to eligibility for the scheme.
- 5.12 In addition the Team has worked with Argyll Community Housing Association (ACHA) to retrofit insulation on blocks of mixed-tenure flats in Oban and hopes to work again in partnership with ACHA to replicate this programme for approximately 150 properties in Cowal, Bute and Tarbert throughout 2023.

5.13 The Energy Efficiency Team consists of a Project Officer and a Project Administrator.

E – De-carbonisation Tracker

5.14 The De-carbonisation Plan sets a 3 year framework to continue our climate journey and routemap to net zero. Our Council has made a clear commitment to be a net zero organisation by 2045 and has also declared a climate emergency befitting the importance and critical nature of the topic. Whilst the main decarbonisation plan will be fixed for 3 years the associated Action Plan (which forms an Appendix of the document) will be continuously updated and reported to both the Climate Change Board and Policy & Resources Committee. The latest update can be found at **Appendix A**.

6.0 CONCLUSION

6.1 This report provides various updates in relation to the Council's activities in relation to Climate Change.

7.0 IMPLICATIONS

7.1 Policy – Meeting obligations and commitment to Climate Change.

7.2 Financial – No direct linkage in this paper.

7.3 Legal – Meeting requirements of climate change Scotland act.

7.4 HR – None

7.5 Fairer Scotland Duty

7.5.1 Equalities – Protected characteristics – None

7.5.2 Socio economic Duty – None

7.5.3 Islands – None

7.6 Climate change – Direct link updating activities of CCB and projects that will address climate change.

7.7 Risk – Not addressing impacts or causes of climate change can lead to increased cost or censure if targets are not met.

7.8 Customer Service – None.

Douglas Hendry, Executive Director with responsibility for Commercial Services
Councillor Ross Moreland – Policy Lead Climate Change & Environment

13 November 2022

For further information contact:

Ross McLaughlin
Head of Commercial Services
The Helensburgh and Lomond Civic Centre
ross.mclaughlin@argyll-bute.gov.uk

Appendix

Appendix A – Climate Change Tracker – December 2022

Appendix A – Climate Change Tracker – December 2022

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
W1 –Develop and Implement Waste Strategy	(L) Roads and Amenity Services, Community, commercial customers	Implementation of the Waste Strategy transitioning to Landfill ban compliant Residual Waste Recovery solutions by 2025.	External funding and support being sought from the Scottish Government	A recently procured options appraisal is now complete. The options appraisal determines the approach required by the Council to move towards the landfill ban in 2025 incorporating the Waste PPP contract. An Officer report is available and will be discussed at the ED&I committee in December 2022.
W2 – Promote the Waste Hierarchy through community Education	(L) Roads and Amenity Services	Evidence of community Education	Not secured	New Web content and Education materials for Primary and Secondary Schools were developed and delivered to online Education Environment Summit October 21 and the COP 26 Event on the 6 th November 21.
W3 – Reduce Council use of disposable and single use plastics across all departments and settings	(L) Procurement and Commercial Services, all Council Services	Adoption of new working practices and procurement	No specific funding in place, research required to impact on operation costs	A report on Single Use Plastic went to the Policy and Resources Committee on 9 December 2021, and the following recommendations were approved: <ul style="list-style-type: none"> Note and consider that

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>the various Services that currently purchase SUP products consider whether these products are essential or if there is a potential alternative that would meet the Service requirements, prior to orders being placed via PECOS or contacting the Procurement, Commercial and Contract Management Team (PCCMT) for a procurement process to be carried out.</p> <ul style="list-style-type: none"> Note and consider that the Sustainable Procurement Policy will be updated to reflect the Climate Change Board desire to limit SUP where possible – proposed wording has been included in the current draft version for 2022/23, and will be updated as follows in

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>the final version: “To provide procurement support to any strategic decisions taken by the Council in relation to the usage of Single Use Plastic products and their recyclability.”</p> <ul style="list-style-type: none"> Note and consider that the Commodity Sourcing Strategy templates used for Regulated Procurements be updated to include a question regarding SUP <p>Changes in legislation were brought into force by the Scottish Government on the 1st June 2022 restricting single-use plastic cutlery, plates, straws, drink stirrers and balloon sticks, expanded polystyrene food containers and expanded polystyrene cups and other beverage containers, as well as all products made of oxo-degradable plastic.</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				Some products already changed and others under review.
W4 – Extend and explore pre-ordering for school food to reduce food waste	(L) Commercial Services and Education	Evidence of extension of pre-ordering & food waste reduction	Project funded and solution procured	Project Team currently implementing this, with full project end date estimated as March 2023.
E1 – Deliver Renewable Sourcing Strategy 2	(L) Commercial Services	Adoption of Strategy	RSS2 consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.	RSS2 next stage development work includes specification development and preparation of invitation to tender for specialist consultancy support. Current work in progress; intended to be market tested later in financial year 2022/2023. Whilst this larger procurement exercise is conducted, a Quick Quote was developed in conjunction with Procurement colleagues to secure consultancy support to assist with immediate renewable consultancy requirements (including development of items E2 and E3). This interim contract has now expired but

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				existing commissioned work-streams will be concluded.
E2 – Delivery of Non-domestic Energy Efficiency Framework (NDEEF) Projects	(L) Commercial Services	Evidence of delivery of projects	<p>Project development work is funded by combinations of the Scottish Government and the procured provider (costs absorbed within the tender process).</p> <p>Funding for project implementation will come from Council approved capital allocations:</p> <ul style="list-style-type: none"> • Climate Change 20/21 - £500K • Climate Change 21/22 - £600K • Asset Sustainability – circa £100K 	<p>NDEEF Energy Performance Contract was signed on 16 July 2021 (circa £1.2m investment with 10 year payback). The original NDEEF mini project list has either been installed or deleted by variation. Outstanding works are now effectively those mini projects introduced to the overall project to replace deletions. Outstanding items are now limited to a couple of solar pv installations (including Kilmory Castle ground array which requires planning approval and Blackhill Depot roof) and a full site solution for Cardross PS (including heating as a mandated item and roof mounted, solar pv). Timelines for this balance of works are currently being agreed (all expected within financial year 2022/2023) The following renewable solutions are being/have been delivered</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>within the NDEEF package to augment existing solutions: Solar PV: Kilmory Gardens, Cardross PS, Blackhill Depot, Rothesay Pool, GWIT Centre, Lochgilphead RC, Kintyre House. Air Source Heat Pump: Manse Brae Roads Office, Lochgilphead CEC, Strachur Primary School, Lochgilphead RC, Arrochar Primary School.</p> <p>In addition to the above, the procurement sourcing strategy for the next batch of sites, using designation NDEEF2, is under way.</p>
E3 – Delivery of additional solar installations at Council assets	(L) Commercial Services	Evidence of delivery of projects	Consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.	Solar pv Options (initial feasibility work completed for circa 9 further sites) – some opportunities absorbed within NDEEF (Ref item E2) as project replacements due to accommodation reviews. A ‘mop up’ of remaining project prospects intended to be market tested as a component within an upcoming solar pv

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				maintenance contract later in financial year 2022/2023.
E4 – Delivery of Water Efficiency Audits across our Estate	(L) Commercial Services	Evidence of delivery of projects	Feasibility work being absorbed within existing approved budgets. Individual works items are generally small scale and it is proposed to utilise existing approved budgets where possible.	Significant Council wide asset verification exercise and ensuring water use minimised. This project will continue into early 2023 when a case study will be prepared to demonstrate the range of tasks being undertaken and to convey the reduction in water consumption (with carbon emissions reduction) and costs arising from this already successful project.
E5– Delivery of Energy Efficiency Scotland Programme	(L) Housing Services, Registered Social Landlords	Evidence of delivery of projects	Funding amounts are determined by localised factors and is paid as a proportion of the Scottish Governments’ Heat In Buildings Strategy	Works which required Contractors to enter households were delayed by continued Covid-19 restrictions but were able to be replaced by external measures ensuring the programme continued. The Scottish Government have confirmed an award of £2,011,323for the 2022/23Area Based Scheme.

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
E6 – Complete LED streetlight replacement programme	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Fully funded through prudential borrowing	<p>Contractors have now commenced works in the Lorn Area to progress the last installation phase of the project and have a programme of approx. 4-6 weeks to install 1100 new LED luminaires. The Council has 14442 streetlights in total so carbon emissions have already been greatly reduced by the LED Upgrade Project.</p> <p>2021/22 figures were CO2 totals 738 tonnes, this has been reducing year on year, back in 2015/16 figures were CO2 Totals 3140 tonnes.</p> <p>2022/23 emissions are forecast to be reduced by approx. 10 – 15% on the 2021/22 figures.</p>
E7 – Continue support of ABRA and review Renewable Energy Strategy annually	(L) Economic Development	Evidence of delivery of projects	Officer resource to support currently funded	<p>Work to support ABRA ongoing. Current ongoing project by SSE Networks for renewal of powerlines between Inveraray and Crossaig. Ongoing discussions with both transmission and distribution teams. Work commenced on outline</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				business case for progressing Islay Energy System work through the Rural Growth Deal. Islay announced as one of the Carbon Neutral Islands being progressed by the Scottish Government which is expected to complement this work.
E8 – Continue support for offshore development of renewables	(L) Economic Development	Evidence of delivery of projects (expected late 2020s/early 2030s)	Officer resource to support currently funded	Scottish Power Renewables have secured an option on the Islay site (Machair Wind) through the Scotwind Leasing Process. Consultation commenced by SPR. The Crown Estate Scotland launched Innovation and Targeted Oil and Gas (INTOG) leasing in August 2022 which could allow seabed rights for small scale (less than 100MW) innovation projects.
T1 – Develop a Fleet Replacement Strategy supportive of fuel efficient, electric and hybrid vehicles	(L) Roads and Infrastructure Services	Adoption of Strategy	Part for current financial year	The Strategy is complete, final review will take place to ensure the 2025 legislative changes are included. The council have introduced hybrid and electric vehicles to the Fleet. The

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				council operates 14% of its Fleet with the new technology.
T2 – Develop a vehicle routing system that will reduce road miles for operations	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Part for current financial year	<p>The Council went to tender earlier this year for route optimisation and had a number of bidders. Officers have gone through the selection process and a preferred bidder has been chosen and their bid is within the budget available.</p> <p>They recently provided a demonstration of their system which was well received by our tender evaluation panel. Arrangements are being made with colleagues in Procurement and IT to finalise the necessary due diligence then we will look to award the contract.</p>
T3 – Develop an electric vehicle infrastructure strategy	(L) Roads and Infrastructure Services	Evidence of delivery of projects	<p>Part for current financial year</p> <p>The development of the EV network is funded by external grant monies from Transport Scotland, and the costs of developing the strategy in terms of staff time are covered via existing budgets</p>	<p>Work on the strategy document is now effectively complete and we have a long list of sites which will be recommended to Committee for formal adoption as well as ancillary parts of the strategy around maintenance, procurement etc. A</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
			Ultimately the cost recovery model	comprehensive year-end report will go to EDI in December summarising the current position. The next key stage is securing enough external funding and/or agreeing a delivery model – self delivery supported by business case, concession model or leasing sites, or a mixture of the three. A high level analysis of possible delivery options will also be contained in the year-end report.
T4 – Support Digital by Default theme Service Review & Recovery Plan to reduce need to travel	All Council Departments	Evidence of delivery of projects	Part for current financial year	Council is adopting ‘Our Modern Workspace’ programme and Digital First approach as services change and evolve post pandemic.
T5 – Develop new active travel plans for Council buildings and our towns	(L) Economic Development	Evidence of delivery of projects	<p>£2.9M external funding secured development and delivery of Active Travel in current financial year.</p> <p>No active travel funding is provided by Council.</p> <p>External competitive challenge funds are time consuming to secure and projects have to be</p>	The purpose of active travel is to make it as easy as possible and help to encourage individuals, businesses and visitors to choose to walk, wheel or cycle for local journeys. Increasing activity and reducing sedentary behaviour has significant

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
			<p>shaped to fit with external funders' aspirations and requirements. However, at present these are the only available source(s) of potential funding to deliver active travel improvements.</p>	<p>health benefits and can increase accessibility to essential services, education, employment, retail and leisure. Walking and cycling are lower cost travel modes and, if they are a viable option, can help households reduce their reliance on private cars, particularly multiple car households.</p> <p>No Council funding is currently expended on genuine Active Travel work, with all costs, including internal staff costs (1.7FTE), having to be funded via successfully securing external challenge funds. As all active travel work is currently reliant on securing external funding, therefore the projects which are progressed are those which can successfully secure external challenge funding.</p> <p>Argyll and Bute Active Travel Strategy: It is recommended the Committee instruct Officers to develop an Argyll and Bute Active Travel Strategy</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>and present it to full Council for approval within 18 months of Committee instruction. The Active Travel Strategy would provide the overarching context for the Council to support and promote active travel across the Council area.</p> <p>Having an adopted and current Active Travel Strategy is increasingly becoming a pre-requirement to access Scottish Government derived active travel funding.</p> <p>Active Travel Projects: The majority of external funding available is provided by the Scottish Government via a number of third sector organisation who are paid to administer these funds. The focus for Scottish Government Active Travel funding is to develop and deliver infrastructure projects and associated behaviour change. As such, the focus for the very limited staff capacity in the Active Travel Team has</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>been to develop and deliver infrastructure projects across Argyll and Bute with a focus on our main towns and locations with strong community support.</p> <p>Active Travel Plans for Towns: There are Active Travel Plans in place for the main towns in Argyll and Bute, albeit some are now quite historic. The town Active Travel Plans focus on identifying potential active travel route networks for key towns. These provide a framework for the development of new active travel routes, which will enable and encourage residents, businesses and visitors to choose to travel more actively. No funding is currently secured to enable the Active Travel Plans for towns to be updated.</p> <p>Council Staff Travel Plan: At present it is not proposed to progress with development of</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>a Council Staff Travel Plan. This is due to (a) requirement to make best use of limited internal staff capacity; and, (b) the ongoing uncertainty of longer-term staff profiles and bases. Staff Travel Plans focus on measures to make it easier and preferable for staff to choose to walk, cycle, use public transport or car share to commute to work or for work journeys, or use economical pool vehicles for work journeys. A travel plan should encourage staff to choose the most economical and least environmentally damaging travel mode. Engagement will be required with services which manage staff in buildings and/or council buildings as this is essential to creating deliverable and effective travel plans for staff. This includes Estates, HR, SMT and building users. It is recommended that work on the Council Staff Travel Plan is commenced after a decision has been made on</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				future staff working patterns and office rationalisation as these will have a significant impact on the Council Staff and their travel. There is currently no funding secured to enable this work to be progressed.
PA1 – Review Council Flooding & Coastal Protection Policy	(L) Roads and Infrastructure Services	Review of policy	No specific funding in place, research required to impact on operation costs	Reviews are in process.
PA2 – Review Council Sustainable Procurement Policy	(L) Procurement	Review of policy	No specific funding in place, research required to impact on operation costs	This policy is reviewed on an annual basis.
OFF1 – Develop opportunities for Carbon Offsetting with ACT and partners	(L) Climate Change Board, ACT and partners	Delivery of projects	Limited funding via ACT for existing projects	<p>SSEN compensatory planting – Phase 1 complete, Phase 2 scheduled with further planting planned at Dunbeg under the agreement. This partnership project between ACT – Argyll and Bute Council and SSEN has been shortlisted for three national awards, to be announced Nov/Dec '22.</p> <p>ACT have entered agreement with Mastercard's Priceless Planet Coalition to plant</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>100,000 native trees in Argyll over the coming 5 years. Sites currently being agreed. There are carbon credit opportunities for site owners.</p> <p>ACT are working with CPPs Climate Change Working Group to secure funding for a 2-year Climate Change Officer hosted within ACT.</p> <p>ACT have secured support from ScotGov's Peatland Action and Esmee Fairbairn Foundation to continue peatland restoration on Islay, Jura and activity extend into Kintyre. CANN project now concluded – major outputs 2 Conservation Action Plans for protected sites produced, and 586 hectares of peat restored to favourable status, and invasive non-native plants removed from a further 687 ha of peatland.</p> <p>ACTNow project officer has delivered Carbon Literacy</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>Training to A&BC Elected Members and Senior Council Officers.</p> <p>ACT has a submitted bid to the Community Led Local Development Fund to procure community engagement resources to support a regional natural capital strategy.</p> <p>ACT working with NatureScot, Forest and Land Scotland and private landowners in Knapdale area to improve and extend Rainforest in Knapdale area. Development bid has been submitted to Nature Restoration fund.</p>
<p>COMM1- Develop and deliver Communications Plan to support Decarbonisation Plan</p>	<p>(L) Climate Change Board and Communications Team</p>	<p>Delivery of Communications Plan</p>	<p>Part of Communications Support</p>	<p>External communications We continue to promote actions the council is taking, and actions that others can take, to develop climate-friendly Argyll and Bute. For example:</p> <ul style="list-style-type: none"> • Promoting Scottish Climate Week

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<ul style="list-style-type: none"> - Islay one of six Scottish islands to become fully carbon neutral by 2040 - Carbon literacy training programme - Council has reduced heating oil consumption by 70% - Port Ellen Primary project on impact of clothes waste on planet • Street lighting works to reduce carbon emissions • Promotion of Climate Change Officer vacancy • Council cut carbon emissions for fourth year in a row • Cost of living support – business growth and climate friendly communities to benefit from £4.5M investment plan

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<ul style="list-style-type: none"> • Cascade article to promote Scottish Climate Week to staff • Native woodland project - Council/ACT/SSEN nominated for 3 national awards • Active travel – footpath improvement works • Eco flag awards for schools • Hermitage Park awarded green flag status • Promotion of Home Energy Efficiency Project (HEEPS) • Cascade article to promote energy saving tips
<p>COMM2 - Engage with community and partners and deliver Climate Change Directory for our region</p>	<p>(L) Community Planning and Development Team</p>	<p>Delivery of engagement map</p>	<p>In place until end of financial year</p>	<p>Web page is active and live https://www.argyll-bute.gov.uk/cpp-climate-change with climate change funding search updated every two months.</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS
				<p>Community Groups and initiatives mapped and promoted on website. Input to, support for and reporting back from the Community Planning Partnership Climate Change Group.</p> <p>Regular update of webpage directory. Ongoing dialogue with Community Planning Partnership.</p> <p>2 x Meetings have taken place with Argyll and Bute Branch of National Farmers Union (NFU) and workshop currently being scoped out to explore Climate Change opportunists across the Agricultural and Land Use Sector. Headline topics likely to include: - Sustainable Upland Farming, Planting for Carbon Sequestration, Dairy Industry and Suckling Beef.</p>
<p>COMM3 - Monitor the delivery of actions in the Climate Change Action Plan and review in 2024</p>	<p>(L) Climate Change Board</p>	<p>Review of this plan by December 2024</p>		<p>Monitored through Tracker to be submitted quarterly to Policy & Resources Committee. Completed – next review Dec 2024</p>

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND ECONOMIC
GROWTH****8 DECEMBER 2022**

RURAL GROWTH DEAL – UPDATE PAPER

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the Rural Growth Deal (RGD) Programme and in particular progress towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process.
- 1.2 In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Business Cases for projects within the RGD programme and the consultancy Stantec have been appointed to assist with this process.
- 1.3 The RGD Programme Management Office (PMO) are aiming to sign the Full Deal Agreement by summer 2023 however, this is reliant on the time taken for business cases to be reviewed and approved by Government. Based on feedback received from other City Region Deals, the RGD PMO have been advised that business cases can require multiple iterations prior to approval by Government and this process can take several months.
- 1.4 It has been agreed at the RGD Programme Board that initial iterations of business cases will be approved by the RGD Internal Programme Board (Council's Chief Executive and 2 Executive Directors) prior to being submitted to Government for feedback. This should reduce delays in the approval process however, the Full Programme Board will still be responsible for approving final business cases and feedback may be sought via email if decisions are required quickly.
- 1.5 Following approval by the RGD Programme Board, the RGD PMO are currently in the process of negotiating a change request with Government. If successful, this will re-profile £3m of funding from the Argyll Digital Connectivity Programme to support the Rural Skills Accelerator Programme (RSAP) and West Coast UAV Logistics and Training Hub projects.
- 1.6 To date, RGD project development works have largely been funded via the Council's Inward Investment Fund. The Policy and Resources Committee have previously approved the release of 2 tranches of funding totalling £300k from the Inward Investment Fund with authority delegated to the Internal Programme Board to authorise spend to support Rural Growth Deal project development work. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.

- 1.7 Of the spend approved to date, £238.433.00 is associated business case support being provided by the consultancy Stantec. A further £31.366.00 of spend has been approved for project development work such as site investigation works and market demand studies.
- 1.8 A requirement has also been identified to undertake design and cost estimation work relating to the Clyde Engineering and Innovation Hub project with initial cost estimates suggesting a fee in the region of £44,000.00 to complete this work. Site investigation works will also be necessary in support of this project and costs are anticipated to be circa £20,000.000 to undertake these works.
- 1.9 Where possible, the RGD PMO will seek to recoup project development costs from RGD funding allocations however, it will not be possible to submit any claims for funding until the Full Deal Agreement has been signed. It is also likely that costs associated with the development of project business cases will require to be met by the Council and strategic partners. As such, a further £150,000.00 of funding is requested from the Inward Investment Fund to continue to support RGD project development work.

RECOMMENDATIONS:

- Approval is sought from the Policy and Resources Committee for a further drawdown of funding from the Inward Investment Fund (up to £150k). Similar to previous arrangements, funds will only be drawn down subject to the Chief Executive and two Executive Directors of the Council being satisfied that the monies are for the purpose of delivering the Rural Growth Deal. Any further funding required in excess of the approved value will require further approval from the Policy and Resources Committee.
- Note the process and anticipated timescales for signing the Full Deal Agreement with the Scottish and UK Governments.

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND ECONOMIC
GROWTH****8 DECEMBER 2022**

RURAL GROWTH DEAL – UPDATE PAPER

2.0 INTRODUCTION

- 2.1 This report provides an update on the Rural Growth Deal (RGD) Programme and in particular progress towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process. The RGD is a partnership approach to rural economic development, which will deliver £50m of investment from the Scottish and UK Governments where it will best develop Argyll and Bute as an inclusive, sustainable, economically successful region and driver for Scotland and the UK.
- 2.2 The Council, UK and Scottish Governments agreed the 'Heads of Terms' for the RGD on the 11th February 2021. The Heads of Terms Agreement sets out the general areas for investment and the Full Deal Agreement will build upon this in more detail. In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Outline and Full Business Cases (OBC's / FBC's) for projects within the RGD programme.
- 2.3 The RGD Programme Management Office (PMO) have procured the services of the consultancy Stantec to assist with the development of business cases for the RGD programme. It is anticipated that the majority of first draft OBC's will be submitted to government in late 2022 / early 2023 and an outline programme for the submission of RGD business cases is included in Appendix 1 of this report.
- 2.4 The RGD PMO are aiming to sign the Full Deal Agreement by summer 2023 however, this is reliant on the time taken for business cases to be reviewed and approved by Government. Based on feedback received from other City Region Deals, the RGD PMO have been advised that business cases can require multiple iterations prior to approval by Government and this process can take several months.
- 2.5 It has been agreed at the RGD Programme Board that initial iterations of business cases will be approved by the RGD Internal Programme Board (Council's Chief Executive and 2 Executive Directors) prior to being submitted to Government for feedback. This should reduce delays in the approval process however, the Full Programme Board will still be responsible for approving final business cases and feedback may be sought via email if decisions are required quickly.

- 2.6 To date, RGD project development works have largely been funded via the Council's Inward Investment Fund. The Policy and Resources Committee have previously approved the release of 2 tranches of funding totalling £300k from the Inward Investment Fund with authority delegated to the Internal Programme Board to authorise spend to support Rural Growth Deal project development work. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.
- 2.7 Where possible, the RGD PMO will seek to recoup project development costs from RGD funding allocations however, it will not be possible to submit any claims for funding until the Full Deal Agreement has been signed. It is also likely that costs associated with the development of project business cases will require to be met by the Council and strategic partners. As such, a further £150k of funding is requested from the Inward Investment Fund to continue to support RGD project development work.

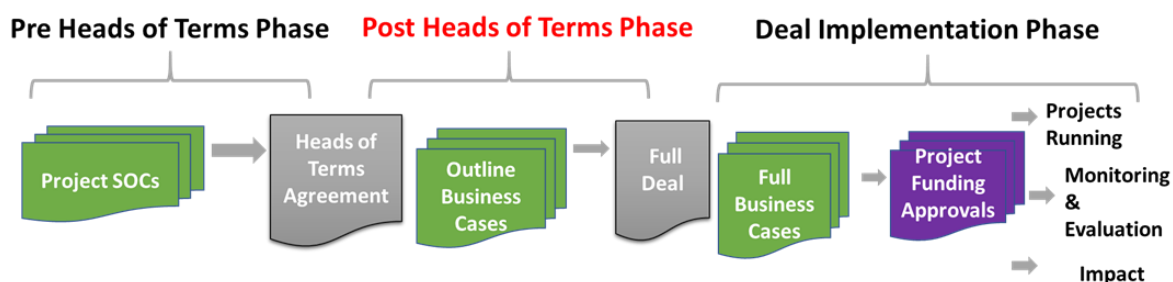
3.0 RECOMMENDATIONS

- Approval is sought from the Policy and Resources Committee for a further drawdown of funding from the Inward Investment Fund (up to £150k). Similar to previous arrangements, funds will only be drawn down subject to the Chief Executive and two Executive Directors of the Council being satisfied that the monies are for the purpose of delivering the Rural Growth Deal. Any further funding required in excess of the approved value will require further approval from the Policy and Resources Committee.
- Note the process and anticipated timescales for signing the Full Deal Agreement with the Scottish and UK Governments.

4.0 DETAIL

- 4.1 The Council agreed the 'Heads of Terms' for the RGD on the 11th February 2021 copy attached at appendix 2 and are currently working towards signing the Full Deal Agreement. The RGD PMO and key stakeholders are working with the consultancy Stantec to develop projects and progress a series of Treasury Five business cases (OBC's and FBC's). The Governance Plan and arrangement for the Rural Growth Deal are attached at appendix 3.
- 4.2 Upon signing the Full Deal Agreement, the Council will enter year 1 of a 10 year programme of delivery for the RGD. As such, projects in the earlier part of the programme will require to be more advanced by Full Deal signing than those in the middle / later stages. OBC's for projects in the earlier stages of the RGD programme will require Government approval in order to sign the Full Deal Agreement. The various phases of Growth Deals are detailed in *Figure 1* below and the programme is currently in the Post Heads of Terms Phase:

Figure 1: City Region / Growth Deal Phases



- 4.3 The RGD proposals are designed to deliver success across Argyll and Bute, based on three key drivers:
- **Connecting:** our high value business sectors with national and international business markets; our local economic successes with national strategic priorities
 - **Attracting:** additional skills, training and learning opportunities; new residents, visitors and businesses
 - **Growing:** doing more of what works; making more of our natural and built resources
- 4.4 At present, the following 8 key investment themes are included within the RGD Heads of Terms;
- Tourism – Creating a World Class Visitor Destination;
 - Creating a Low Carbon Economy;
 - Rural Skills Accelerator Programme (RSAP);
 - Housing to Attract Economic Growth;
 - Clyde Engineering and Innovation Cluster (CEIC);
 - West Coast UAV Logistics and Training Hub;
 - Argyll Digital Connectivity;
 - Marine Aquaculture Programme.
- 4.5 It should be noted, that following approval by the RGD Programme Board in June 2022, the RGD PMO are currently in the process of negotiating a change request to the RGD programme. It is proposed that funding allocated to the Argyll Digital Connectivity project will be re-allocated to the RSAP and UAV Hub themes. This change request is currently being considered by Government and further details are set out in Section 4 of this report.
- 5.0 PROPOSED CHANGE REQUEST - REALLOCATION OF DIGITAL FUNDING**
- 5.1 At the time of negotiating the Heads of Terms Agreement, it was agreed to exclude details of funding allocations to allow greater flexibility within the RGD programme as projects developed. This reflected the fact that Argyll and Bute Council had committed limited financial resources to projects in advance of Heads of Terms to reduce the risk of abortive spend.

- 5.2 The £50m quantum figure agreed at Heads of Terms was significantly lower than the £178.5m requested by Argyll and Bute Council. Argyll and Bute Council's initial funding proposition to Government included £10m for regional digital enhancements however this was subsequently reduced to £3m following the confirmation of the £50m quantum commitment.
- 5.3 Given the lower quantum figure and extensive funding committed by both the Scottish and UK Governments to national digital infrastructure programmes (e.g. R100, the Emergency Services Network upgrades, Scottish 4G Infill Programme (S4GI) and the Shared Rural Network (SRN) upgrades) it has been challenging to identify digital projects which will have transformational impacts without duplicating existing funding commitments.
- 5.4 The Council are not able to commit funding to accelerate the delivery of infrastructure within existing national programmes and rural fibre infill projects of significant scale are challenging and expensive to deliver. There can also be on-going revenue costs associated with operations and maintenance which present a financial risk to the Council.
- 5.5 The RGD PMO are also concerned by current inflationary cost pressures as the budget for the RGD is fixed and the Government have confirmed that no additional funding will be made available for Deals to offset the impact of inflation.
- 5.6 Following approval of the Rural Growth Deal Programme Board on the 6th June 2022 (subject to agreement by Government), the RGD PMO are in the process of negotiating a change request with Government which will re-allocate £3m of funding from the "Argyll – Digital Connectivity" programme as follows:-
- **£2m** to support the West Coast UAV Logistics and Training Hub;
 - **£1m** to support the Rural Skills Accelerator Programme (RSAP) with a focus on digital technology and innovation linked to the development of local STEM Hubs.
- 5.7 At the time of writing this report, this change request has not been formally approved by Government however, this is considered necessary to reduce financial risk to the RGD programme.
- 5.8 The West Coast UAV Logistics and Training Hub project was recently awarded £170k of funding from the UK Government's Community Renewal Fund and this funding has supported project development work including design, planning and proof of concept trials. As part of the project development work, a bill of quantities has been drafted for the preferred option, which estimates the build cost of this facility to be circa £3.8m. The re-profiled RGD allocations will provide £4m of RGD funding for the UAV Hub, which should significantly reduce financial risk for this project.
- 5.9 To date, the Dunoon STEM Hub project has been progressing independently of the RGD and has been acting as a pilot for the future expansion of the STEM Hub programme. The Dunoon STEM Hub involves the re-purposing of an existing Council office building to deliver an innovative STEM facility. The

Council have appointed a Design Team, with the preferred option now agreed and awaiting full Technical Design.

- 5.10 The Council have secured £831,904 of match funding for the Dunoon STEM Hub from a range of sources including the Scottish Governments Clyde Mission fund and Crown Estates Scotland. The preferred design option for the Dunoon STEM Hub is estimated to be circa £1.8m however, it should be noted that detailed design work is ongoing and this project has yet to be tendered. Due to the funding gap, it was agreed to bring the Dunoon STEM Hub back into the RGD programme. This was agreed by the RGD Programme Board in June 2022.
- 5.11 On the back of the initial Project Brief, Argyll and Bute Council have continued to develop this project to make the physical hub as innovative, advanced and futureproofed as possible. It is anticipated that the STEM Hubs will include facilities such as a 5G enabled, 360-degree immersive classroom. This facility will create a digital projection using all four-classroom walls to bring the real world into an immersive experience for students. 5G's greater bandwidth will enable students and educators to livestream virtually from any location with minimal disruption and connect many more devices than on previous networks.
- 5.12 We will also explore opportunities to use mobile connectivity (5G and 4G), video conferencing, augmented reality and virtual reality to connect more remote schools to the STEM Hubs meaning that students can still enjoy the learning experience and are not disadvantaged by their location.
- 5.13 All of this additional technology will add significantly to project costs with the technology required for each immersive classroom estimated to cost in the region of £200k alone. The additional £1m of funding will allow the Council to be more ambitious with the design of the physical STEM Hubs creating immersive and digitally enabled facilities, which push beyond traditional methods of teaching to create an inclusive and exciting learning experience.
- 5.14 Table 1 below, presents the proposed split of government funding taking account of the suggested re-profiling of funding from the RGD Digital Programme.

Table 1: Proposed Split of Government Funding

Project Name	Funding Committed	UK Government	Scottish Government
Tourism	£11m	£4.5m	£6.5m
Creating a low carbon economy	£3m	£1.5m	£1.5m
Rural Skills Accelerator Programme			
STEM Hubs	£5.75m	-	£5.75m
Business Skills	£0.5m	-	£0.5m
Built Environment Argyll College UHI	£0.75m	-	£0.75m
Housing	£3m	-	£3m
CEIC	£7m	£7m	-
UAV Logistics & Training Hub	£4m	£4m	-

Marine Aquaculture Programme			
Machrihanish Innovation Campus	£3.84m	£3.84m	-
SAMS International Seaweed and Shellfish Industry R&D Centre	£3.33m	£2.33m	£1m
Marine Industry Training Centre	£7.83m	£1.83m	£6m
Total Funding	£50m	£25m	£25m

- 5.15 At the Policy and Resources Committee of the 24th May 2018, it was agreed that any future release of funding from the Council's Inward Investment Fund would be limited to projects that support the vision or key themes of, the Rural Growth Deal. At the time, the budget available via the Inward Investment Fund was circa £832,500.
- 5.16 To date, the Policy and Resources Committee have approved the release of 2 tranches of funding totalling £300,000.00 from the Inward Investment Fund to support Rural Growth Deal development work. The bulk of spend approved by the Internal Programme Board to date has been associated with Stantec's commission to provide support with the preparation of project outline and full business cases. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.
- 5.17 A requirement has also been identified to undertake design and cost estimation work relating to the Clyde Engineering and Innovation Hub project with initial cost estimates suggesting a fee in the region of £44,000.00 to complete this work. Site investigation works will also be necessary and costs are anticipated to be circa £20,000.00 to undertake these works. The RGD PMO intend to recoup some or all of these costs as part of the capital funding allocation in the process of being agreed with Central Government however, this will not be possible until after the Full Deal Agreement has been signed.
- 5.18 Similar spend is also anticipated across the wider Rural Growth Deal programme with significant costs anticipated in advance of signing the Full Deal Agreement. As such, a further £150,000.00 of funding is requested from the Inward Investment Fund to continue to support the RGD project development work required in order to reach Full Deal signing.
- 5.19 In addition to the funding committed via the Inward Investment Fund, the RGD PMO and Project Leads will identify sources of match funding to assist with project development costs. Table 2 below, provides some examples of match funding secured to date to support the development of RGD projects and business cases.

Table 2: Match Funding Secured for Project Development Work

Funding Partner	Project	Value
Scottish Enterprise	Clyde Engineering & Innovation Cluster	£30k
Economic Growth Budget	RSAP	£10k
Strategic Transport	West Coast UAV	£20k

UK Community Renewal Fund	West Coast UAV	£170k
UK Community Renewal Fund	Rural Skills Accelerator Programme	£100k
Scottish Government (CARES)	Islay Low Carbon Economy	£25k
HIE	Marine Aquaculture Programme	£100k

6.0 RGD PROJECT UPDATES

6.1 Tourism - Creating a World Class Visitor Destination

6.1.1 The following five priority investment locations were agreed by the RGD Programme Board at a meeting on the 22nd June 2022:

- Dunoon Waterfront;
- Rothesay Waterfront;
- Helensburgh (Wooden Pier);
- Ardrishaig/Crinan Canal Corridor;
- Campbeltown – Kintyre Sea Sports Proposals;

6.1.2 It is considered that these locations have the potential to grow their tourism offering without being subject to some of the seasonal visitor pressures faced in other areas of Argyll and Bute.

6.1.3 Levelling Up Fund bids were submitted in August focusing on marine gateway enhancements in the towns of Rothesay and Dunoon. If successful, this funding will provide clear synergies and match funding for the RGD tourism programme.

6.1.4 Kintyre Seasports are also working with Crown Estates Scotland to access funding via their Boat Based Tourism fund. If successful, this could provide up to £750k of match funding for this project.

6.2 Creating a Low Carbon Economy

6.2.1 Natural Power consultancy have been appointed to undertake an options appraisal study and this work is being funded by the Scottish Government's Community and Renewable Energy Scheme (CARES). Options are in the process of being refined following feedback received from SSEN regarding voltage constraints on the local grid. Grid constraints dictate that it is likely that the RGD funding will focus predominantly on a programme of smaller scale domestic energy efficiency measures and low carbon technology such as heat pumps and solar.

6.2.2 Work is ongoing to identify potential synergies with the Scottish Government's Carbon Neutral Islands programme and Islay Energy Trust are being engaged

as a key stakeholder representing the local community. Further community engagement will be undertaken when the preferred options have been identified.

6.3 Rural Skills Accelerator Programme (RSAP)

6.3.1 The Rural Skills Accelerator Programme (RSAP) is a vehicle that will invest in the fabric of our skills and education infrastructure enabling first class STEM and business focused skills education and training. The RSAP has three component parts as follows:

- STEM Hubs (physical, outreach & mobile)
- Argyll College UHI built environment
- Business Skills

6.3.2 The STEM Hubs will include a mix of physical hubs, mobile and outreach activities and the overarching focus of this project is to provide a platform for a transformational step change on STEM engagement opportunities.

6.3.3 It is proposed to construct the first physical STEM hub within the former Council Office on Hill Street, Dunoon. The existing building will be repurposed to create a state of the art, digitally enabled, SMART hub which will act as a pilot for the wider STEM programme.

6.3.4 A Core Project Team has been established to lead on the Dunoon STEM hub project and detailed design and development work is currently being progressed. A planning application for the project was also submitted in early October 2022.

6.3.5 Progress also continues to be made across the wider RSAP. UHI Argyll College previously secured funding via the UK Governments Community Renewal Fund to progress curriculum development work. This focuses predominantly on the construction, hospitality and catering sectors and it is anticipated that the RGD funding will enable UHI Argyll College to implement enhancements to their estate to support the delivery of their curriculum moving forward. This is essential to attract and retain students in Argyll and Bute and stem the drift of young people out of the region.

6.3.6 The business skills project will focus on enhanced skills and training provision for local SME's and Stantec are working with project leads to baseline existing skills support and identify gaps and priority groups / sectors.

6.4 Housing to Support Economic Growth

6.4.1 This project will include housing pilots on the Islands of Islay and Mull aimed at providing a mix of housing types/tenures for local residents and workers. The housing proposals will include controls to ensure that all housing constructed using RGD funding remains for use as primary residences (e.g. Rural Housing Burdens). It is anticipated that the RGD investment will enable initial phases of housing development on these sites, allowing for further phases of housing to be developed by RSL's / private sector developers in future years.

- 6.4.2 Stantec have recently completed initial Site Investigation Studies for the preferred sites at Rockfield Road, Tobermory and the current Roads Depot site in Bowmore. It is likely that the next steps will be further geotechnical and geo-environmental works at both sites.
- 6.4.3 The Council are also in discussions with key stakeholders around future delivery models for housing on these sites. For example, it is anticipated that the Council will require to become a registered 'Rural Housing Body' in order to have the legal authority to apply Rural Housing Burdens on properties.
- 6.4.4 Project leads continue to meet frequently with key stakeholders including the Scottish Government's More Homes Division, HIE, Stantec and Council Officers from Housing and Planning.

6.5.0 Clyde Engineering and Innovation Cluster

- 6.5.1 This project is the main UK Government funded project in the RGD programme and will focus on providing commercial accommodation within Helensburgh to maximise local benefit from the Royal Navy's £1.3bn Maritime Change Programme. The Maritime Change Programme will see HMNB Clyde become the UK's principal submarine base resulting in a significant uplift in staff and supply chain activity at the base.
- 6.5.2 The preferred site is located at Iona Stables, Colgrain and has Planning Permission in Principal for the creation of 60,000 sq. ft. (5,574 sqm) of high-quality office development, a public house/restaurant with car parking and external landscaping. The site at Colgrain is privately owned however, the Council are working with the site owner on a revised planning application to enlarge the area of current consent in order to improve the viability of the site and offer more flexibility in land negotiations.
- 6.5.3 Stantec are working with Scottish Enterprise, the MoD and the base industrial partners to assess current and future demand for the site. 1-2-1 meetings with base industrial partners are ongoing and a workshop session took place on the 22nd September at HMNB Clyde. It is critical to revisit demand in light of the pandemic and recent changes in working patterns. Supporting work is also being undertaken investigating skills gaps (synergies with RSAP programme) and potential transport infrastructure enhancements to support modal shift from private cars to public transport, walking and cycling.

6.6 West Coast UAV Logistics and Training Hub

- 6.6.1 This project aims to create a permanent base at Oban Airport to fly and maintain drones, as well as train pilots, educate and inspire children, and develop further uses for drones. The Council recently secured £170k of funding via the UK Government's Community Renewal Fund which has enabled design and planning work for the UAV hub to be accelerated. A full detailed planning application for the site was submitted at the end of August 2022 and planning permission was granted in October 2022.

- 6.6.2 The Council have been working in partnership with Skyports to undertake a number of successful proof of concept trials. These trials involved using UAV's to transport medical equipment and samples between local hospitals during the Covid 19 pandemic, trials with the Royal mail and most recently testing the potential to use UAV's to deliver school meals ([BBC News - School meal drone delivery trialled in Scotland](#)).
- 6.6.3 The design for the proposed UAV Hub will be easily adaptable to meet future drone requirements, evolving uses, and the potential to expand operations when necessary. The hub will also be designed to be adaptable for use by fixed wing aircraft in order to maximise its business potential. The UAV hub will include landing facilities, a main hangar, training, education and workshop facilities.
- 6.6.4 A bill of quantities has been undertaken for the preferred option and the estimated cost is circa £3.8m. As such, the RGD PMO have requested that an additional £2m of funding is re-profiled from the digital programme to provide a total RGD allocation of £4m for this project.
- 6.6.5 This facility will operate in compliance with Civil Aviation Authority (CAA) licencing requirements and as such, safety will be critically important. Skyports have achieved multiple, complex regulatory approvals from the CAA and will leverage this experience in helping to shape and develop future regulation for commercial operation of UAV's.

6.7.0 Marine Aquaculture Programme (MAP)

- 6.7.1 The MAP is being led by HIE and consists of the following 3 projects:-
- UHI Argyll College Marine Industry Training Centre (MITC);
 - SAMS International Seaweed and Shellfish Industry R&D Centre;
 - Stirling University Machrihanish Innovation Campus.
- 6.7.2 These projects are at varying stages of development with the OBC for MITC nearing draft completion and SAMS / Stirling University still at an earlier stage in the process. HIE have appointed the consultant EKOS to assist with the economic modelling for all three projects and the preparation of the OBC for SAMS.
- 6.7.3 UHI Argyll College are undertaking a short re-appraisal of project options for the MITC to ensure that this project remains viable in light of current inflationary cost pressures. The MITC OBC is substantially complete and should be submitted for Internal Board approval imminently.

7.0 FULL DEAL DOCUMENTATION

- 7.1 As part of the Full Deal process, the RGD PMO will require to draft the following documents:-
- Full Deal Agreement;
 - Implementation Plan;

- Governance Plan;
- Financial Plan;
- Communications Plan
- Benefit Realisation Plan.

7.2 There may also be the requirement for projects to include some or all of the following:-

- Equality Impact Assessments;
- Fairer Scotland Impact Assessments;
- Environmental Impact Assessments (if required);
- Islands Impact Assessments (if required)
- Carbon Management Plans.

8.0 CONCLUSION

- 8.1 The RGD PMO are working towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process. In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Business Cases for projects within the RGD programme.
- 8.2 Following approval by the RGD Programme Board, the RGD PMO are currently in the process of negotiating a change request with Government. If successful, this will re-profile funding from the Argyll Digital Connectivity Programme to support the RSAP and West Coast UAV Logistics and Training Hub projects.
- 8.3 The RGD PMO continue to work with key stakeholders to develop projects and the draft the documents required for Full Deal Signing. The consultancy Stantec have been appointed to assist with the development of RGD business cases and it is anticipated that the majority of first draft OBC's will be submitted to government in late 2022 / early 2023.
- 8.4 The RGD PMO are aiming to sign the Full Deal Agreement by summer 2023 however, it should be noted that this will be reliant on the time taken for business cases to be reviewed and approved by Government.
- 8.5 The Policy and Resources Committee are asked to approve a further £150,000.00 draw down from the Inward Investment Fund to support further project development work required to reach signing of the Full Deal Agreement.

9.0 IMPLICATIONS

- 9.1 Policy – The RGD is consistent with the Council's Economic Strategy.
- 9.2 Financial – The RGD requires financial and staff resources from the Council.
- 9.3 Legal – The RGD may require input from Legal Services as part of the Full Deal Signing.
- 9.4 HR – None at present.

- 9.5 Fairer Scotland Duty: Required as part of OBC process.
- 9.5.1 Equalities - protected characteristics - Equality Impact Assessments are required for all RGD projects.
- 9.5.2 Socio-economic Duty - The Rural Growth Deal will follow Scottish Government guidance on Inclusive growth including measures to address socio-economic disadvantage.
- 9.5.3 Islands – Islands impact assessments required as part of OBC process where necessary.
- 9.6 Climate Change – Carbon Management Plans are required for all RGD business cases.
- 9.7 Risk – Spend incurred in advance of approval of FBCs will be at risk to lead partner.
- 9.8 Customer Service – None at present.

Kirsty Flanagan Executive Director with responsibility for Development and Economic Growth

Policy Lead for Economy and Rural Growth: Councillor Robin Currie

November 2022

For further information contact:

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APPENDICES

Appendix 1 – Draft OBC Programme

Appendix 2 – Rural Growth Deal Heads of Terms

Appendix 3 – Rural Growth Deal Governance Arrangements

Argyll and Bute Rural Growth Deal
Business Case Tracking - Summary Sheet

Number of OBCs	12	Number of FBCs	16
Number submitted to Gov	0	Number submitted to Gov	0
Number approved	0	Number approved	0

Internal Board Dates 2022	Programme Board Dates 2022	P&R Dates 2022/23
7th September	22nd September	13th October
1st December	9th December	8th December
		16th February
		11th May

Projected OBC 1st draft to Internal Board									
September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
		Kintyre Seasports	Marine Tourism/Place	SAMS Seaweed		Machrihanish			
			Islay Low Carbon	RSAP OBC					
		MITC		Housing - Isle of Islay					
		Dunoon STEM Hub		Housing - Isle of Mull					
				UAV					
				CEIC					

Projected OBC 1st draft to Gov									
September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
			Kintyre Seasports	Marine Tourism/Place	SAMS Seaweed		Machrihanish		
			MITC	UAV	CEIC				
			Dunoon STEM Hub	RSAP OBC					
				Housing - Isle of Islay					
				Housing - Isle of Mull					
				Islay					

Projected OBC to Programme Board			
September 2022	December 2022	March 2023	June 2023
	MITC	Marine Tourism/Place	Machrihanish
	Islay	Kintyre Seasports	
	Dunoon STEM Hub	RSAP OBC	
		Housing - Isle of Islay	
		Housing - Isle of Mull	
		CEIC	
		SAMS Seaweed	
		UAV	

Projected Approval date for OBCs									
September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
						Kintyre Seasports	Marine Tourism/Place	SAMS Seaweed	Machrihanish
						Dunoon STEM Hub	MITC	Housing - Isle of Islay	
						Islay	RSAP OBC	Housing - Isle of Mull	
								CEIC	
								UAV	

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Argyll and Bute Council
**Argyll and Bute Rural Growth
Deal**

Argyll the Natural Choice
Heads of Terms Agreement



Our signing of this document confirms our joint commitment to the Argyll and Bute Rural Growth Deal.



Mr Michael Matheson MSP

Cabinet Secretary for Transport,
Infrastructure and Connectivity, Scottish
Government



Mr Iain Stewart MP

Parliamentary Under Secretary of State for
Scotland, UK Government



Cllr Robin Currie

Leader of Argyll and Bute Council

Executive Summary

1. “Argyll the Natural Choice” is the proposed Rural Growth Deal (RGD), a partnership approach to rural economic development which will deliver **£50 million** of investment from the Scottish and UK Governments where it will best develop Argyll as an inclusive, sustainable, economically successful region and driver for Scotland and the UK.
2. Argyll and Bute Council, along with key stakeholder partners, will also seek to contribute at least £20m match funding to the Argyll and Bute Rural Growth Deal, in order to accelerate inclusive economic growth for the region. This match funding is subject to the development of the full business cases. Contributions will be aligned to shared priorities with both the UK and Scottish Government such as housing, aquaculture, skills, tourism, engineering, digital and innovation. Argyll and Bute Council working with public and private sector partners will identify where investment across Argyll and Bute will provide the biggest catalyst for change, delivering sustainable, economic growth whilst also being complementary to Scottish and UK Government economic priorities.
3. Argyll brings together much of what is best about Scotland – natural resources that drive national and international business markets, expertise that inspires innovation and people committed to developing the prosperous future the area needs and deserves. Argyll therefore provides opportunities for economic growth that would benefit life in Argyll, Scotland and the UK.
4. Argyll is also a predominantly rural region including 23 inhabited islands and residents and businesses experience challenges associated with access to essential services, high cost of delivering services, employment opportunities and an ageing and declining population in certain areas. These challenges have acted as barriers to economic growth and the Rural Growth Deal will help to address some of these by accelerating the delivery of essential infrastructure and capitalising on some of the key opportunities for growth in the region.
5. The proposals are designed to deliver success across Argyll, based on three key drivers:
 - **Connecting:** our high value business sectors with national and international business markets; our local economic successes with national strategic priorities
 - **Attracting:** additional skills, training and learning opportunities; new residents, visitors and businesses
 - **Growing:** doing more of what works; making more of our natural and built resources
6. The Rural Growth Deal is an innovative multi sector partnership which provides a catalyst for change in order to deliver sustainable and inclusive economic growth. The deal will also be a key part of the Covid-19 recovery plan for the region by providing critical infrastructure and financial support which will accelerate the recovery of local sectors.
7. Proposals include adding to our world leading marine research expertise and enabling growth in high value seaweed, shellfish and aquaculture industries. The

RGD also proposes to unlock the abundant renewable energy resources for clean growth that can help to offset the current climate emergency, develop innovative modular housing, digital and unmanned aerial vehicle (UAV) drone technologies focussing on inclusive economic growth and supporting essential services in some of our most fragile communities.

8. As part of this funding package, the Scottish Government and UK Government will each commit £25 million of funding subject to the approval of full business cases. Argyll and Bute Council and partners will also commit additional funding to ensure that the overall package of funding for the region will be well in excess of **£70 million**. This funding will be delivered over a 10-15year period subject to detailed businesses cases, statutory processes and implementation plans.
9. UK Government funding will be in the form of capital to support the delivery of infrastructure relating to agreed projects. The majority of this support will be provided to support projects that are within the range of the UK Governments reserved responsibilities. However up to 10% of this investment can, at the discretion of UK Government Ministers, be used to support proposals that are in the devolved space.
10. The Rural Growth Deal is a tri-partite agreement between Argyll and Bute Council, the Scottish Government and the UK Government, this joint deal demonstrates our strong support to the Argyll region and all parties seek to bring projects forward as quickly as possible.
11. This document represents a “Heads of Terms” agreement building on the already significant investment in the region. Both governments are committed to continuing their support for the region. Further detail on the implementation of specific interventions of the deal will follow. This document has been produced for the purposes of outlining the principles of this broad agreement.
12. The following commitments form part of an overarching Argyll and Bute Rural Growth Deal funding package.

The Proposals

Tourism – Creating a World Class Visitor Destination

13. The growth of tourism has been a major success in recent years in Argyll and Bute supported by our Economic Growth Team and key partners such as the Argyll and the Isles Tourism Cooperative. This key sector provides circa 25% of all private sector jobs in Argyll and since 2008 there has been a 33% increase in visitor numbers with tourism worth £479.6 million in 2017 to our economy.
14. The proposal is to open up access to Argyll’s coasts and waters to develop Argyll as a West of Scotland “must visit” location for the maritime leisure market. There is a clear opportunity for Argyll to become Scotland’s prime destination for the marine leisure market, for private craft, charter yachts and cruise ship passengers to come ashore and for land-based visitors to gain access to the water on boat excursions and for water sports, wildlife watching and to island hop.

15. The investment via the Rural Growth Deal will encourage continued growth in the marine tourism sector by opening up more of Argyll's vast coastline for leisure and recreation. In addition, this project will also deliver waterfront infrastructure that will support the regeneration of some of Argyll's key coastal towns and villages, helping to provide attractive and vibrant places to live and work as well as destinations to visit.

Creating a Low Carbon Economy

16. In the context of a climate emergency, the need to address the economic challenges facing our island and rural communities and opportunities provided by the region's Rural Growth Deal, Argyll and Bute Council are working in partnership with the SG, Highlands and Islands Enterprise to explore opportunities for a collective approach to the development of a local energy system on Islay.
17. As the first stage of this project, key stakeholders are working to support the development of a local energy strategy for Islay, which is anticipated to ultimately lead to the implementation of local energy systems across the island. The creation of local energy systems will support the development of a pathway to net zero emissions.
18. Rural Growth Deal investment will focus on a 'whole systems' approach that will consider power, heat and transport as well as placing the needs of the individual and business consumer at its centre to ensure that future energy systems are sustainable and support inclusive economic growth.

Rural Skills Accelerator Programme

19. Inclusive Growth lies at the heart of City Region and Growth Deals and this Deal will drive future inclusive economic growth and tackle inequality with a strong focus on community wealth building, STEM skills, rural enterprise and the delivery of local education services. The Rural Skills Accelerator Programme is a vehicle that will provide the 21st century infrastructure and delivery mechanisms needed for skills, training, education and enterprise to facilitate collaborative growth in the rural economy.
20. Structured action will be taken across all the projects in the Rural Growth Deal to maximise the delivery of skills and inclusive growth outcomes. The Rural Skills Accelerator Programme will set the foundation for ongoing inclusive growth and fair work opportunities which will help attract and retain economically active people and support businesses growth throughout Argyll and Bute.

Housing to Attract Economic Growth

21. It is recognised that Argyll and Bute's economic success is built on a growing population which is the overall objective of the Outcome Improvement Plan. The housing element of the Rural Growth Deal proposes to provide affordable housing of the right type and in the right place to support growing business sectors.

22. The Rural Growth Deal will be used to support the delivery of a range of housing tenures required to accommodate local workers and support business growth in areas of high demand. This includes a number of Argyll's island communities where the cost of providing housing is considerably higher than the mainland.
23. All housing will be modern and energy efficient including renewable heating systems to counter the high fuel costs in remote areas. The housing design will also be innovative by providing dedicated home working facilities and high speed digital connectivity to cater for modern, flexible working arrangements.

Clyde Engineering and Innovation Cluster

24. The Ministry of Defence (MOD) is currently expanding operations on the Clyde implementing a Maritime Change Programme (MCP). HMNB Clyde will become the single operating base for the Royal Navy's entire fleet of submarines. To achieve this a significant capital infrastructure programme valued at £1.3 billion will be delivered on the base over 10 years. Through the Rural Growth Deal Argyll and Bute Council is seeking to maximise the local and national benefits of the Maritime Change Programme.
25. The increase in both military posts and industrial jobs across a range of innovation, engineering, manufacturing, technicians and business services jobs to the local area resulting from this UK Government investment will have a significant impact in an area without other opportunities of this scale.
26. The overall objective is to maximise the economic opportunity for Helensburgh and Lomond and the wider Argyll and Bute area from the £1.3 billion investment into HMNB Clyde by addressing the existing lack of available commercial and businesses accommodation proximate to the base. This project will facilitate the development of a Clyde Engineering and Innovation Cluster in Helensburgh & Lomond which will stimulate and facilitate innovation, and enhance company interaction, co-operation and collaboration by co-locating the supply chain in an appropriate commercial space within Helensburgh.

West Coast UAV Logistics & Training Hub

27. This intervention involves working in partnership with industry leading research institutions such as SAMS to create an innovative research and development centre for unmanned aerial vehicle (UAV) technologies on the west coast of Scotland. This will create the UK's first dedicated drone training centre with indoor facilities specialising in developmental, test and operational facility for UAV technologies.
28. This project will also build on the recent pioneering work undertaken by Skyports in the region, in particular successful pilots supported and funded by the European Space Agency and the UK Space Agency utilising beyond visual line of site drone flights to deliver medical supplies and laboratory specimens to a number of sites across Argyll. Argyll and Bute Council in partnership with Skyports will look to develop a UAV Logistics hub, providing drone deliveries across the west coast of Scotland. This project will fully support the Climate Change agenda.

29. Creating the UK's first dedicated UAV test centre, will foster a culture of innovation. Combining the efforts of a unique testing environment with a strong local research base will accelerate the development, deployment and commercialisation of new technologies and support the development of STEM skills in Scotland and the UK.

Argyll - Digital Connectivity

30. Improving the region's digital infrastructure is fundamental in futureproofing the local economy and to facilitating changes in the way we live, work and do business particularly in the wake of the Covid-19 pandemic. Enhanced digital connectivity will drive innovation and improve public and private service delivery while ensuring a 'green' recovery. This will require extending the roll out of superfast broadband to key areas across the region where it has not been possible thus far and expanding 4G and 5G coverage to those areas where there is expected to be market failure. The Rural Growth Deal investment will support and complement the existing national programmes of digital investment currently being delivered by the Scottish and UK Government's.

Marine Aquaculture Programme

31. The vision is to make Argyll and Bute the leading region for innovation in marine aquaculture in Scotland, UK and globally, by underpinning sustainable, inclusive business growth through investment in world-class marine science and technology creating the following inter-woven partnership assets:
- **Machrihanish Innovation Campus** to provide large scale marine finfish and multi-trophic research and development capability, coupled with dedicated business incubation and scale up premises and facilities;
 - **Scottish Association for Marine Science (SAMS) International Seaweed and Shellfish Industry R&D Centre** to create a platform for industrial innovation that will allow a direct commercialisation of the world leading research expertise at SAMS and to catalyse growth in the region's high value seaweed and shellfish industries.
 - **Argyll College UHI Marine Industry Training Centre** to provide the skills, education and training needs to support the current and future demands for the marine industry in Argyll and Bute; supporting work-based learning and vocational training, and providing workforce pathways from school to employment, complementing the education provision at SAMS, UHI, and the University of Stirling.
 - **Marine Industry Needs Assessment** - the Council and key stakeholders will progress a Marine Industry Needs Assessment study which will include extensive consultation with key marine sector stakeholders. This study will provide the evidence base for industry needs to inform future investment outcomes and the potential options available to deliver these outcomes. This will assist in identifying the key priorities for Rural

Growth Deal investment and where this should be targeted to support sustainable growth of this sector and set out in the business case for consideration and approval by SG prior to full deal signing.

32. Progressed in synchrony, these developments will establish an integrated regional capability through investment in distributed state-of-the-art facilities to enable businesses to capture the opportunities in UK and global aquaculture through experimental scale research, product and service development and testing, commercial trials, skills development and training.

GOVERNANCE AND ASSURANCE

33. Strong and effective leadership and governance is paramount to both successful implementation and in providing assurance to governments, the local authority and wider regional partners. Argyll and Bute Council will work with both Governments and other key stakeholders to ensure delivery of this deal and adopt an approach to governance which will deliver transformative inclusive economic growth.
34. Local partners will demonstrate the value for money case for each project and programme before funding is made available. As such, all proposals in this document are subject to the approval of final business cases from the relevant Government, or from both Governments in the case of jointly funded projects.
35. Local partners will work with both Governments to develop a Final Deal document, a detailed implementation plan, a governance plan, a financial plan that takes account of affordability over the 10-15 year lifespan of the deal, together with monitoring and evaluation frameworks and associated business cases for all projects and/or programmes receiving funding.
36. Local partners will work with both governments to agree a communications strategy and an operating protocol. Both documents will set out how communications about the Rural Growth Deal and its associated activities are taken forward, in a way that meet the needs of the regional partners as well as the Scottish and UK Governments.

ENDS



ARGYLL AND BUTE RURAL GROWTH DEAL

Governance Plan



Scottish Government
Riaghaltas na h-Alba
gov.scot

Contents

Governance Plan.....	1
1. Argyll & Bute Rural Growth Deal - Governance Plan.....	3
2. Argyll and Bute Rural Growth Deal – Governance Arrangements	4
3. Managing Change.....	6
Appendix 1	8

1. Argyll & Bute Rural Growth Deal - Governance Plan

- 1.1 This document sets out the governance arrangements, which have been agreed for the Argyll & Bute Rural Growth Deal (RGD). The governance arrangements will enable sound decisions to be taken in an open, inclusive and transparent way.
- 1.2 The partners involved in the Argyll & Bute Rural Growth Deal are the Scottish Government, the UK Government and Argyll & Bute Council. Argyll & Bute Council will be the Accountable Body for the Deal.
- 1.3 Other partners include HIE, Scottish Enterprise, UHI Argyll College, Stirling University, SAMS, Skyports, Scottish Government, UK Government (Scotland Office), Scottish Futures Trust, Loch Lomond and the Trossachs National Park, Visit Scotland, Historic Environment Scotland, Crown Estate Scotland, Supplier Development Programme, Scotland 5G Centre, DCMS, Ministry of Defence, Public Health Scotland, Third Sector Interface, NHS Highland, Local Energy Scotland.
- 1.4 The Governance Document sets out decision making structures, memberships, roles and responsibilities and how key processes will be managed to ensure accountability, probity, transparency, compliance and value for money. The governance arrangements outlined within this document will be reviewed regularly to ensure that they remain fit for purpose as the deal progresses.
- 1.5 The partnership approach to governance will promote:
 - Openness of decision making focussed on clearly defined outcomes underpinned by sustainable economic, social and environmental benefits
 - Management of risks and performance through robust internal control and strong financial management; and;
 - Transparent reporting.

2. Argyll and Bute Rural Growth Deal – Governance Arrangements

- 2.1 Argyll and Bute Council have implemented a governance structure to oversee the delivery of the Rural Growth Deal.
- 2.2 The structure should be as simple as possible, but be capable of adaptation as required. What has been implemented is a structure, which has a P&R Committee, Full Programme Board, Internal Programme Board, Programme Management Office, Communications Group and 8 Project Stakeholder Groups.
- 2.3 The Rural Growth Deal Governance Structure is detailed in the Structure Diagram included in Appendix A. Further details are also set out below:-
- 2.4 **The Policy and Resources (P&R) Committee** will:
- Be the Council's decision making body for any decision relating to the Council's funding and resources necessary to deliver the Programme;
 - The Committee will consider any requirement to commit funding and resources required to deliver the projects;
 - The Committee will receive regular updates on the delivery of the programme from the Programme Board / Programme Management Office,
 - Any funding required in excess of £150k from the Inward Investment Fund to deliver RGD projects will require approval of the P&R Committee.
- 2.5 A **Programme Board** has been established to manage the overall Rural Growth Deal programme. The Programme Board will:
- Be the key decision making body for the Rural Growth Deal;
 - Consider any requirement to commit funding and resources required to deliver projects (approval of the P&R Committee may also be required where this relates to Council resources);
 - Approve business cases before submission to governments (feedback may be sought electronically if decisions are required quickly);
 - The Programme Board will report frequently to the P&R Committee on the delivery of the Rural Growth Deal and the requirement for funding and resources.
- 2.6 The Programme Board will include representation from the following stakeholders:
- Argyll and Bute Council
 - Leader of the Council / Depute Leader / Leader of Opposition
 - Chief Executive
 - Executive Directors x2
 - Head of Development and Economic Growth
 - Head of Strategic Finance
 - Rural Growth Deal Programme Manager
 - HIE
 - Scottish Enterprise
 - Scottish Futures Trust
 - Supplier Development Programme (as required)
 - Project Managers / Team Leads (as required)

- 2.7** The **Internal Programme Board** will meet 2 weeks prior to the Full Programme Board to ensure scrutiny of all project work being submitted to the Programme Board for approval e.g. business cases.
- Highlight Reports will be submitted by Project Leads to the Internal Programme Board to update on the progress with the projects;
 - As with the Full Programme Board, the Internal Programme Board will meet at least once quarterly or more frequently where necessary.
 - The Internal Programme Board will include the Councils Chief Executive and 2 Executive Directors with support from the Head of Development and Economic Growth and the RGD PMO / Project Leads as necessary.
 - Authority for approving the drawdown of money from the Inward Investment Fund is also delegated to the Chief Executive and 2 Executive Directors of the Council up to a maximum value of £150k and subject to them being satisfied that the monies are for the purpose of delivering the RGD.
 - Any funding required in excess of £150k from the Inward Investment Fund will require further approval of the P&R Committee.
 - Authority for approving initial iterations of project Outline Business Cases (OBC's) is delegated to the Internal Programme Board to minimise delay submitting initial drafts for government feedback. Following approval by the Internal Programme Board, draft OBC's will be taken to the first available Programme Board meeting for approval.
- 2.8** The **Programme Management Office (PMO)** will:
- Be responsible for the overall management of the RGD Programme including reporting to the Internal / Programme Boards / P&R Committee.
 - Manage the programme budget, risk register, implementation plan, financial plan, monitoring and evaluation and be responsible for reporting to the Scottish and UK Government.
 - Draft the full deal and supplementary documentation
 - Assist the project teams drafting business cases and supplementary documentation such as equality impact assessments.
- 2.9** **Project Stakeholder Groups** will be established for each project included in the Rural Growth Deal. Project Leads / Managers will be identified for each Project Team and they will work in partnership with the PMO to:
- Develop each project through to Full Business Case stage.
 - Technical Advice / consultancy support will be required to assist with the development of the project business cases e.g. technical feasibility, preparation of economic impact assessments.
- 2.10** The **Communications Group** will meet quarterly to:
- Populate and agree a communications planner and upcoming activity;
 - Update the key communications documents to the deal; and
 - To discuss the handling of any forthcoming communications opportunities that have arisen since the previous meeting.

3. Managing Change

- 3.1** The Governments accept that circumstances can change where the Rural Growth Deal is concerned and that new challenges, issues or events may need to be accommodated, particularly when such matters could not be previously anticipated.
- 3.2** All partners also recognise that RGD arrangements are struck after complex and often protracted negotiations. These negotiations are intended to ensure that agreements are consistent with Government policies and priorities as such, they are not easily unpicked.
- 3.3** The process for handling Deal changes will evolve as it is informed by practical casework.
- 3.4** 'Deal Change' can be described as something that modifies to any degree the terms of the agreements previously struck between the Governments and Argyll and Bute Council. Such agreements are variously described within the Heads of Terms, The Full Deal, the terms of approved Business Cases, and the terms of the Grant Offer (the Four Documents).
- 3.5** Out with the agreements described in the Four Documents, Government would still have an interest in any proposed change however for the most part would expect matters to be resolved locally.
- 3.6** In order to propose a change to the terms agreed in the Four Documents, and until we have enough operational experience that may inform a more prescriptive process, any Request For Change (RFC) should be raised in writing with the Government Lead Officers for the Deal. The RFC should refer to the relevant business case and explain the circumstances that have inspired the change.
- 3.7** Consideration of the RFC will then be framed around the 6 stages described in the Change Management Process in order to inform a decision on what level of approval / authorisation would be required to facilitate the proposed change.
- 3.8** Lead Officers would then be responsible for seeking the necessary approval / authorisation engaging with the Scottish City Region Delivery Board as appropriate.
- 3.9** Following Full Deal Agreement, if Argyll and Bute Council wish to amend or cancel a project within that agreement the PMO will embark on a six-stage process to agree any changes
- 3.10** These stages, which apply to both old and new projects, are:
1. A **Review of the Project Risk Assessment** in order to demonstrate that the risk of not meeting original objectives has substantially changed (or alternatively, to demonstrate that the original objectives are now less relevant to supporting economic growth).
 2. **Review of Strategic Alignment**, demonstrating deviation from the original ethos of the Deal.
 3. **Local Growth Contribution Analysis**, including inclusive growth assessment
 4. **Regional Growth Contribution Analysis**, including inclusive growth assessment



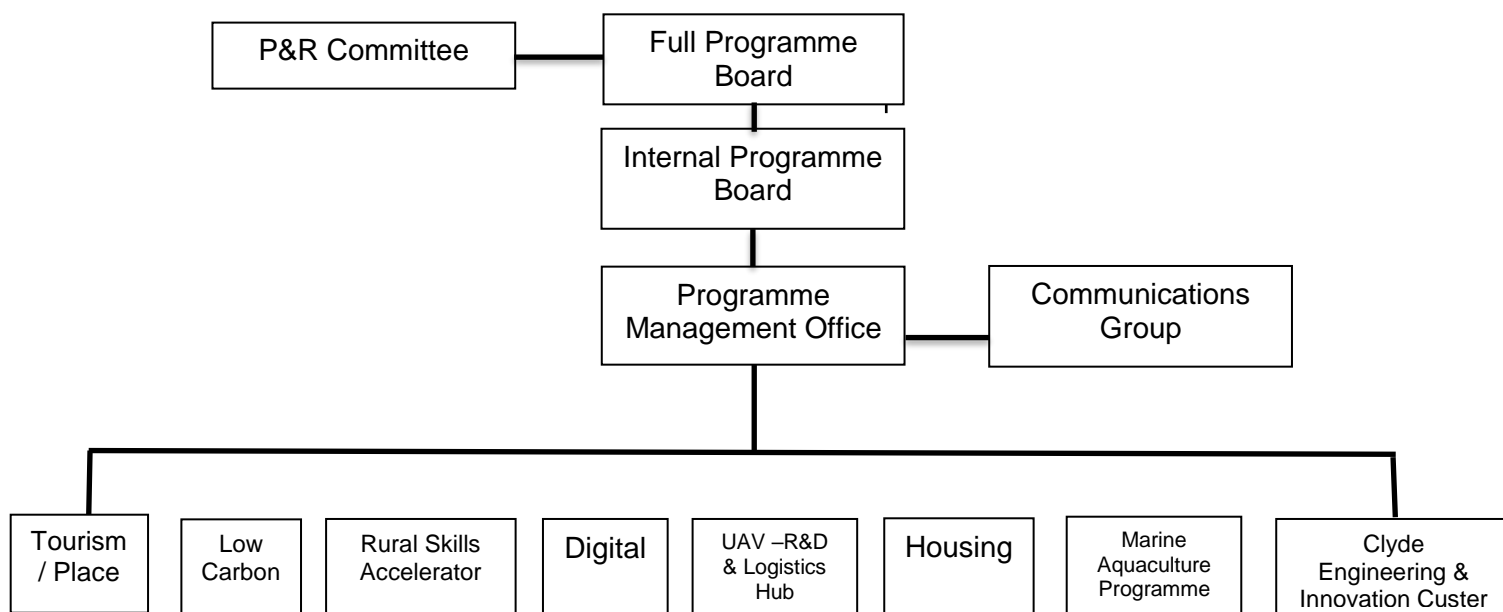
5. Economic Impact and Value for Money Assessment

- 6. Funding Plan and Financial Profile** which will set out the cost of the new proposal, respective funding shares, and the time period over which the project will be delivered.

- 3.11** A proposal for change will be prepared by the PMO and will include the 6 stages set out above. The proposals will then be assessed by the Governments and Ministerial approval sought if, in the view of the Board, the proposed change represents a significant deviation from the original agreement.
- 3.12** Confirmation (and announcement) of any change proposals approved by the Government will be subject to the terms of the agreed Communications Protocol.

Appendix 1

Rural Growth Deal – Governance Structure



ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND ECONOMIC
GROWTH / COMMERCIAL SERVICES****8 DECEMBER 2022**

LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – UPDATE REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the wider Lorn Arc Programme and the current live Lorn Arc projects at Dunbeg and Oban Airport.
- 1.2 Discussion continues with Scottish Government regarding the potential to amend the TIF agreement lengthening the period to ensure there is greater NDR retention and longer to repay any debt incurred. Achieving this change would allow a higher level of investment than previously considered.
- 1.3 LINK Group is currently reviewing the construction costs of the Dunbeg Corridor development. LINK has also commissioned a new Transport Assessment for the whole development, which will inform subsequent planning applications and the exact type of Trunk Road junction on the A85 that will be required by Transport Scotland.
- 1.4 The Dunbeg Corridor Working Group continues to meet and prove a valuable forum for discussion between the Council, agencies and the public on issues arising with this development. The most recent meeting of this group took place on 25th November 2022.
- 1.5 At Oban Airport, the current priority actions are: to prepare the business case for Council investment in the development of a new headquarters office / hanger building to be leased on completion to TSL Contractors Limited (TSL); and to continue exploring additional users of the business park.

RECOMMENDATIONS

Members to note progress with the Lorn Arc Project, particularly:-

- Ongoing discussions with Scottish Government to amend the TIF agreement;
- Anticipated submissions of full planning applications for Dunbeg Corridor in early 2023;
- Ongoing work to prepare a Business Case for investment in a Headquarters building at Oban Airport.

LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – UPDATE REPORT

2.0 INTRODUCTION

- 2.1 The Lorn Arc project has been ongoing, and there are two main outstanding projects, Dunbeg Corridor and Oban Airport Business Park. Background work is ongoing on a variety of fronts to provide further detailed evidence to take these development forward, whilst at the same time, discussions are ongoing with Scottish Government to establish if the TIF agreement can be varied to introduce terms that would be more favourable to the Council.
- 2.2 The report provides an update on progress since the last Policy and Resources progress report of 17 February 2022.

3.0 RECOMMENDATIONS

- 3.1 Members to note progress with the Lorn Arc Project, particularly:-
- Ongoing discussions with Scottish Government to amend the TIF agreement;
 - Anticipated submissions of full planning applications for Dunbeg Corridor in early 2023;
 - Ongoing work to prepare a Business Case for investment in a Headquarters building at Oban Airport.

4.0 DETAIL**Programme Update**

- 4.1 At the last TIF Executive meeting held on 16th June 2022 discussion centred around three conditions within the original TIF agreement contract between the Council and the Scottish Government that the Council wishes to amend. These are:
- A: Extending the backstop date of the TIF period from its existing date in 2040 to potentially 2050. This would allow a longer repayment period and NDR retention, and thus creates potential for significantly more borrowing and a greater level of Council expenditure on the critical infrastructure required at both Dunbeg and Oban Airport to allow these projects to be completed.
- B: To remove the cut off condition that would potentially cease the whole TIF agreement if at any point the whole debt is repaid prior to the completion of the TIF construction projects.
- C: To remove or extend the cut-off clause which requires completion of all TIF construction by 2024 for the TIF agreement to continue.

- 4.2 The Scottish Government has engaged with the Council on these issues and requested greater detail of both the financial modelling, particularly forecast NDR increases, and also an analysis of the wider benefits that these amendments to the original TIF contract would bring. The Council created a revised financial model that assesses borrowing and income level profiles to include the additional NDR that is now being collected compared to pre-pandemic forecasts. This includes new NDR as a result of developments such as the Premier Inn and Screwfix. This change alone, resulted in a significant improvement in the rate of debt repayment and the information has been provided to Scottish Government.
- 4.3 The Scottish Government is looking into the legality of amending TIF agreements generally, not just in Argyll and Bute, but has not yet come to any decision. The Council has continued to press for a response on this matter via the members of the Lorn Arc Executive. In response to our latest enquiry, we were informed on 18th November 2022, that the Deputy First Minister had approved similar changes to Falkirk Council's TIF in principle, albeit that formal legislative change will be required which will take until April 2024 to complete. Officers will meet with the TIF Executive and Scottish Government officials to identify what is required for us to achieve the same outcome.

Dunbeg Corridor Gateway Features and Roundabout

- 4.4 The Council has gone out to tender for consultants to produce an independent report assessing the commercial demand for the new commercial area. This has taken longer than anticipated to select a suitable consultant but as of 1st November 2022 an acceptable tender has been received and it is hoped an appointment can be made soon.
- 4.5 The Council has appointed consultants – Stantec - to produce an independent report detailing the Economic Impact Assessment of both the new commercial area and the wider Dunbeg corridor developments. A first draft of this report has been received by the Council and has been circulated internally for comment. This indicates a Net Potential Benefit from the complete Dunbeg development of between £50m-£179m depending on the options and timing of development.
- 4.6 The Council intends to review the cost appraisals for the Dunbeg Development which have been provided by LINK GROUP. However, LINK are currently revising the initial cost appraisals to add further detail and update. The Council will await these revised appraisals before appointing consultants to review them.
- 4.7 Discussions have been regularly taking place with LINK GROUP with regard to the delivery of all aspects of the Dunbeg Corridor projects. LINK GROUP is intending to submit planning applications for:-
- the new housing development area,
 - the LINK Group road to the housing, and
 - the commercial area.
- 4.8 LINK group are currently undertaking the necessary studies and design work to submit these applications. Amongst this is a detailed Transport Impact Assessment (TIA) which has been scoped jointly with the Council and Transport Scotland who will be the consenting authority for any new junction on the Trunk Road. The TIA will inform the nature of the junction and potentially other elements on the planning applications. LINK is expected to hold Pre-Application public consultation events during November and it is anticipated planning applications will be submitted very early 2023.

- 4.9 A Dunbeg Corridor Working Group meeting (involving all key agencies and stakeholders including community representatives) was held on 10th June and the next is planned for 25th November 2022.

Oban Airport Business Park

- 4.10 The initial investment at Oban Airport was for the installation of a road and services to enable the development of a new business park adjacent to the airport.
- 4.11 Currently the Council is exploring delivery of a Headquarters building for TSL Contractors Limited. This would be seen as an anchor building for the remaining business park, and the Council is continuing to develop a business case for this.
- 4.12 As part of the Rural Growth Deal (RGD) officers from Economic Development are currently developing the business case for the development of an innovative research and development centre for Unmanned Aerial Vehicle (UAV) technologies. As part of the funding application process planning permission for the development of the facility has now been granted which is an important step forward.
- 4.13 The possibility of basing a UK search and rescue facility for the Maritime & Coastguard Agency is being explored. The initial potential service provider has been unsuccessful in securing the UK Search and Rescue contract. Estates are now in conversation with the winners of that contract, The Bristow Group, to promote the opportunity at Oban Airport as it is considered that the benefits are significant both for the airport and for their operations. The outcome of these discussions will be reported back in due course.

5.0 CONCLUSION

- 5.1 Work is continuing internally reviewing both costs and potential NDR income modelling to inform decision making regarding the different delivery options of the projects. Additionally a response from the Scottish Government is awaited on the potential for amending the existing TIF agreement.
- 5.2 Various consultants' reports are being commissioned to establish the likely economic impact, costs and commercial demand for this project. LINK group have continued to make progress on the work required for the submission of the necessary planning applications and have also begun the TIA process.
- 5.3 The Council is working on a Business Case to justify investment in the development and lease of a Headquarters building for TSL Contractors. It is also exploring other potential occupiers including in connection with UAV Drone Hub and the provision of a UK Search and Rescue Operation.

6.0 IMPLICATIONS

- 6.1 Policy – None.
- 6.2 Financial – None from this report

- 6.3 Legal – The Council awaits any agreement in principle, by the Scottish Government to amend the TIF agreement. If such agreement is received, it will need to consider the detailed legal implications on any proposed amendment.
- 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 – Oban Airport provides a lifeline service to the islands and the development of further services will add benefit.
- 6.6 Climate change – The preparation of planning applications for Dunbeg Development will involve necessary supporting evidence to allow assessment of any potential climate implications.
- 6.7 Risk – The risks for the TSL project will be examined in more detail in the business case. The wider risk for the larger projects is that the funding is not received or that the tender bid is not successful leading to the proposals being stopped. The increasing interest rates will need to be profiled against debt repayments.
- 6.8 Customer Service – None.

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

Douglas Hendry, Executive Director with responsibility for Commercial Services

Policy Lead for Economy and Rural Growth, Councillor Robin Currie

2nd November 2022

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND ECONOMIC GROWTH****8 DECEMBER 2022**

CONSERVATION AREA REGENERATION SCHEME (CARS) PROJECT**3-17 COLCHESTER SQUARE, LOCHGILPHEAD**

1.0 EXECUTIVE SUMMARY

- 1.1 The Lochgilphead Conservation Area Regeneration Scheme (CARS) is a grant programme focussing on the regeneration of historical buildings as well as traditional skills training and community engagement. Lochgilphead CARS is jointly funded by Historic Environment Scotland and Argyll and Bute Council.
- 1.2 Argyll and Bute Council has recognised a need for greater economic development and regeneration activities within Lochgilphead particularly the town centre.
- 1.3 3-17 Colchester Square (see Appendix 1) is one of four priority buildings for Lochgilphead CARS and comprises of two ground floor commercial units and two first floor residential flats. The aim is to bring the building back to a good level of repair, safeguarding the future of 2 businesses and 2 residential units.
- 1.4 The Lochgilphead CARS Officer and Housing Improvement Officer have been working with this property since 2021. The project development phase has been completed and a report has been submitted to the Mid-Argyll, Kintyre and the Islands Area Committee meeting on 7th December 2022, requesting approval to award CARS grant funding of £241,808.68. The grant figure was based on the last available cost plan. At the time of writing the first draft report, the project was fully funded.
- 1.5 Following the submission of the first draft report to MAKI Area Committee in early November, the construction tender process was concluded on 21st November 2022. Due to inflation, including the increasing cost of building materials, the original projected costs have escalated by £42,642.24.
- 1.6 The private owners of the building have agreed to contribute another £2,000 (£500 per unit). This leaves a shortfall of £40,642.24. There is capacity within the Private Sector Housing Grant (PSHG) budget for 2022/23, and providing the

gap funding to facilitate this project aligns with the key aims of the PSHG to extend the life of capital assets.

RECOMMENDATIONS

It is recommended that the Policy and Resources Committee consider and approve the utilisation of the Private Sector Housing Grant (PSHG) to award an additional £40,642.24 grant to the 3-17 Colchester Square, Lochgilphead CARS project, thus providing essential gap funding to facilitate the restoration of this building.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

DEVELOPMENT AND ECONOMIC GROWTH

8 DECEMBER 2022

**CONSERVATION AREA REGENERATION SCHEME (CARS) PROJECT – 3-17
COLCHESTER SQUARE, LOCHGILPHEAD**

2.0 INTRODUCTION

2.1 This report outlines the gap funding that exists in the second priority building of the Lochgilphead Conservation Area Regeneration Scheme (CARS). The CARS is jointly funded by Historic Environment Scotland and Argyll and Bute Council. The report requests utilisation of an additional £40,642.24 grant funding from the PSHG to cover that gap and facilitate this key project.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee consider and approve the utilisation of the Private Sector Housing Grant (PSHG) to award an additional £40,642.24 grant to the 3-17 Colchester Square, Lochgilphead CARS project, thus providing essential gap funding to facilitate the restoration of this building.

4.0 DETAIL

4.1 3-17 Colchester Square is a two-storey terrace building occupying a key location in Lochgilphead town centre (see Appendix 1). It acts as a gateway building not only for Colchester Square but for the progression of Argyll Street beyond which is the primary commercial/shopping street in Lochgilphead. It is one of four Lochgilphead CARS priority buildings and comprises of two ground floor commercial units and two first floor flats.

4.2 The private owners formed an Owners Association to manage the repair and future maintenance of the property. They appointed a conservation accredited Design Team to develop and manage the building repair project on their behalf.

- 4.3 A grant approval recommendation report has been submitted to the Mid Argyll, Kintyre and the Islands Area Committee meeting for consideration on 7th December 2022 requesting approval to award CARS grant funding of £241,808.68, based on a total projected cost of £291,988.68. At the time of writing that first draft report the project was fully funded as follows:

Lochgilphead CARS (Funding from HES and Council)	£241,808.68
Private Sector Housing Grant (4 standard grants)	£32,180.00
Private owners contribution	£18,000.00
Total project cost	£291,988.68

- 4.4 Following the submission of the first draft MAKI report, the construction tender process was concluded on 21st November 2022. Due to inflation, including the increasing cost of building materials, the total project costs have escalated by £42,642.24 to £334,630.92. The initial increase in cost was higher but the Design Team carried out a savings exercise, removing a number of items. The remaining scope of works covers all essential items including partial re-slate of roof, full leadwork replacement, lime harling to chimney stacks, new stone copes to chimney stacks, removal of small chimney stack to north gable and the replacement of gutters in cast iron. All works are in line with HES's advisory standards of repair.
- 4.4 Following discussions, the building owners have agreed to contribute an additional £2,000 (£500 per unit). This takes the total contribution from the building owners to £20,000.
- 4.6 The proposal to this Committee is to utilize additional grant funding from the PSHG to fill the outstanding £40,642.24 gap. PSHG should be spent on capital projects such as; adding value to an asset, extending the life of an asset, or acquiring a new asset. The proposed works described in this paper meet the finance parameters for PSHG spend. Although this is a larger grant level than usual for PSHG it will fall within the available PSHG budget remaining for this financial year, and will facilitate the completion of this key project within the Lochgilphead CARS scheme.

5.0 CONCLUSION

- 5.1 The additional funds proposed would help to carry out extensive repairs to the fabric of the building, helping to safeguard 2 businesses and 2 homes. This project will build on the investment to date in Lochgilphead town centre and encourage other building owners to maintain and repair their properties.

6.0 IMPLICATIONS

- 6.1 Policy - The Outcome Improvement Plan, Economic Strategy and Local Development Plan support town centre regeneration and a diverse and thriving economy.
- 6.2 Financial The proposed use of PSHG grant funding falls within the criteria for use of PSHG and will appropriately utilise capital budget available for this financial year.
- 6.3 Legal – Grant contracts will be provided to third parties.
- 6.4 HR - A dedicated project officer has been recruited for the duration of the Lochgilphead CARS project. Staff salaries are included within the project budget.
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities - protected characteristics - None
 - 6.5.2 Socio-economic Duty - None
 - 6.5.3 Islands – None
- 6.6 Climate Change – Extremes of weather caused by climate change will continue to put buildings under pressure. These projects help property owners undertake large scale maintenance projects under the supervision of conservation accredited architects which ensures they are future proofed against climate change, using traditional building materials.
- 6.7 Risk - That grant schemes are undersubscribed or that projects run over time or budget. These risks will be carefully monitored and mitigation measures introduced on a case by case basis.
- 6.8 Customer Service - The council is responsible for administering the CARS grants on behalf of HES and for ensuring due diligence in the performance of its duties.

Kirst Flanagan Executive Director with responsibility for Development and Economic Growth

Councillor Liz McCabe, Policy Lead for Islands and Business Development

Councillor Robin Currie, Policy Lead for Economy and Rural Growth

24th November 2022

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APPENDICES

Appendix 1: Photograph showing the front elevation of 3-17 Colchester Square,
Lochgilphead

APPENDIX 1: PHOTOGRAPH SHOWING THE FRONT ELEVATION OF 3-17 COLCHESTER SQUARE, LOCHGILPHEAD.



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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES

CUSTOMER SUPPORT SERVICES

8 DECEMBER 2022

**SCOTTISH GOVERNMENT COMMITMENT to GAELIC AND SCOTS AND A
SCOTTISH LANGUAGES BILL: CONSULTATION**

1.0 INTRODUCTION

1.1 The Scottish Government are consulting on their commitment to Gaelic and Scots and a Scottish Languages Bill. The consultation closes on 8th December 2022 (originally November 17th) and this report presents a proposed response to that consultation for members to agree.

2.0 RECOMMENDATIONS

2.1 That members consider and agree the attached response to the Scottish Government Commitment to Gaelic and Scots and a Scottish Languages Bill consultation and mandate the Head of Customer Support Services to submit it on behalf of the Council to Scottish Government.

3.0 DETAIL

3.1 The Scottish Government are consulting on a Gaelic and Scots - a Scottish Languages Bill. The consultation closes on 8th December 2022. Officers and the Policy lead have met with Scottish Government Officials to discuss the consultation proposals and Education Officers have engaged with ADES in relation to the Education specific proposals.

3.2 There are four main areas in the consultation:

- A new strategic approach to Gaelic medium education
- Inviting views on the question of exploring the creation of a Gàidhealtachd
- Review of the structure and functions of Bòrd na Gàidhlig
- Support for the Scots Language

3.3 Contextual information is provided for the questions in the full consultation documents, which is included at Appendix 1.

3.4 Draft responses to the questions are included at Appendix 2 for consideration by members.

4.0 CONCLUSION

4.1 This consultation provides an opportunity to contribute to shaping Scottish Government policy on Gaelic and Scots language.

5.0 IMPLICATIONS

5.1 Policy – The proposed legislation may impact the Council’s Gaelic Language Plan and Gaelic Medium Education approach

5.2 Financial – None at this time

5.3 Legal – The Council has a Duty under the Gaelic Language Act 2005 to produce a plan. The proposed Act may place further Duties on the Council

5.4 HR – None at this time

5.5 Fairer Scotland Duty:

5.5.1 Equalities - protected characteristics – There is no protected characteristic that directly applies to language.

5.5.2 Socio-economic Duty – May have a positive impact on remote rural areas where Gaelic is spoken

5.5.3 Islands – May have a positive impact on islands where Gaelic is spoken

5.6 Climate Change - None

5.7 Risk – None directly from this report

5.8 Customer Service - None

Kirsty Flanagan: Executive Director with responsibility for Customer Support Services

Policy Lead for Economy and Rural Growth: Robin Currie

17 November 2022

For further information contact: Jane Fowler, Head of Customer Support Services

APPENDICES

Appendix 1 – Consultation Document – Consultation on the Scottish Government Commitments to Gaelic and Scots and a Scottish Languages Bill.

Appendix 2 – Draft Consultation Response.

Consultation on The Scottish Government Commitments to Gaelic and Scots and a Scottish Languages Bill





Contents

Ministerial Foreword	02
Introduction	04
Gaelic Medium Education	06
Gàidhealtachd	12
Bòrd na Gàidhlig	18
Scots Language	23
Respondent Information Form	31

Ministerial Foreword

Consultation Paper on Scottish
Government Commitments to
Gaelic and Scots and a Scottish
Languages Bill

Foreword, Cabinet Secretary

The Scottish Government has made a number of strong and ambitious commitments to Gaelic and Scots and your views are invited and welcome on the commitments in this consultation exercise. The views we receive will assist in the decisions that are taken on these commitments.

It has been a number of years since legislation was passed in support of the Gaelic language and we have an opportunity to reflect on how the Gaelic language (Scotland) Act 2005 and the Education (Scotland) Act 2016 have operated in practice. While steady progress has been made since this legislation was passed, we recognise that there is value in taking a fresh look at the measures that are in place. Up until now the Scots language has not benefitted from formal support through legislation and with growing support for the language I believe it time to consider what we can do in this regard.

Progress has been incremental and over recent decades there has been evidence of good progress. For example, there is now support for Gaelic found in community initiatives, in guidance and legislation, in national structures and in a wide range of projects. For the language to progress further we need to build on this diverse Gaelic infrastructure and support the community of speakers and learners wherever they are and whoever they may be.

The Scottish Government now has a Scots language policy. Further support for Scots is found in the Council of Europe's European Charter for Regional or Minority Languages and in the valuable information obtained from the Scots question in the last census. Scots features prominently in education, publishing and the arts and a number of small bodies, with support from Government, are working closely to make further progress for Scots. This consultation exercise will help inform the next steps for Scots.

With the Scottish Government's commitments and the work that will follow this consultation there is another opportunity to build on the good progress that has been made and to strengthen Gaelic and Scots in Scotland by increasing the numbers of people learning, speaking and using these languages in Scotland. To this end your contributions to this consultation exercise are welcome.



Shirley-Anne Somerville MSP

The Cabinet Secretary for
Education and Skills

Introduction

The Scottish Government has an ambitious and wide-ranging set of commitments to the Gaelic and Scots languages. This consultation exercise and the views received will assist with the progress that we will make with these commitments.

Scottish Government Commitments

The Scottish Government has made a number of commitments to the Gaelic and Scots languages. Among these there are four key commitments which can be regarded as particularly significant with the other commitments falling under these broad areas. The four key commitments are: to establish a new strategic approach to GME, to explore the creation of a Gàidhealtachd, to review the structure and functions of Bòrd na Gàidhlig (BnG), and to take action on the Scots language. Where primary legislation is needed for these, the commitment to a Scottish Languages Bill could serve as the legislative vehicle that will enable progress to be made with these commitments.

Over recent years there has been good support for Gaelic. A range of projects and initiatives have been put in place and important legislation has been supported in the Scottish Parliament. There has also been an increase in support for Scots and growth in resources available. With these new commitments and the growing evidence of support for these languages the Scottish Government would like to take additional steps in support of Gaelic and Scots.

The consultation paper will take each of the key commitments in turn, describing the key commitment and those subsidiary commitments which we consider as being connected to or falling under these broad areas. We will try to set the scene by providing a range of views that have been shared with us thus far through informal consultation with a range of stakeholders.

This is designed to stimulate further discussion, ideas and engagement with all relevant interests. No decisions have as yet been taken on how to make progress for Gaelic and Scots and we are actively seeking contributions from across all communities. We are seeking views on how further progress can be made and the views that we receive will assist in shaping the actions taken immediately and over the longer term to deliver on these commitments.

We are aware that there are links and interdependencies between the various Gaelic commitments. For example, it is likely that GME will feature in any discussion relating to the exploration of a Gàidhealtachd. Similarly, Bòrd na Gàidhlig has a role in relation to education; changes to education or indeed the exploration of a Gàidhealtachd will involve consideration of the functions that Bòrd na Gàidhlig should have to support changes in those area and therefore will overlap with the review of Bòrd na Gàidhlig's own structure and functions.

The commitments above do not specifically mention MG ALBA but we are aware that the wide and diverse contribution of MG ALBA adds value to a number of important areas of Gaelic activity. The Scottish Government's support for MG ALBA has enabled this body and BBC ALBA to add to Gaelic learning, arts, community activity, skills and the economy. For this reason we would expect that MG ALBA will feature prominently in these discussions.

Gaelic Medium Education

This section will consider a new national strategic approach to Gaelic medium education which is essential if we are to see the faster rates of progress we seek for Gaelic.

The Scottish Government has committed to make further progress with Gaelic medium education (GME) by means of a new strategic approach to Gaelic medium education. This will involve ensuring that the GME experience is truly immersive, aiming also to increase the range of subjects that can be taught in GME at both levels of broad general education and senior phase of secondary school. It will involve encouraging the creation of new GME primary and secondary schools across Scotland, backed by further investment to increase the number of teachers who can teach in the medium of Gaelic.

There are a number of local authorities and bodies that make a vital contribution to Gaelic medium education in Scotland. Along with these, the Scottish Government will ensure that e-Sgoil and Stòrlann continue to be supported in order to help with school education, adult learning, teacher support, community learning and provide access to good quality Gaelic education resources. We will also ensure that Sabhal Mòr Ostaig continues to be a centre of excellence for the provision of Gaelic learning, with dedicated funding to offer Further Education and Higher Education courses through the medium of Gaelic. We recognise that Sabhal Mòr Ostaig has a key role in supporting GME at all levels and a wide range of Gaelic community initiatives.

The Scottish Government recognises that these issues above are essential if we are to see the faster rates of progress we seek for Gaelic. The Scottish Government is committed to maintaining support for Gaelic education, arts and broadcasting with MG ALBA having a key role. We also recognise that there are interdependencies across these sectors which support one another and contribute to the overall aim of increasing the numbers speaking, using and learning the language.

Overview of Gaelic Education in Scotland

Gaelic medium education is an established sector in Scottish education. A link to Gaelic education data is available from Bòrd na Gàidhlig at the following link: [Education Data - Bòrd na Gàidhlig \(gaidhlig.scot\)](https://www.gaidhlig.scot/education-data) The aim of GME is for young people to be able to operate confidently and fluently in two languages as they progress from early years, through primary education and into secondary education. GME from nursery to the end of primary school is a form of immersion education. With this form of education, Gaelic is the sole language of learning, teaching and assessment in the first three years of primary school, referred to as the immersion phase.

From P4 to P7, immersion education will continue but, at this stage, learning through the medium of the English language will be introduced. From P4 onwards and following the introduction of English, Gaelic should remain the predominant language of the classroom. GME is delivered to children and young people who come from families where Gaelic is spoken as well as those from families with little or no background in Gaelic.

Gaelic medium primary education (GMPE) is currently available in 14 out of 32 education authority areas across Scotland. There are also a growing number of Gaelic medium schools in Scotland and dual stream (Gaelic and English) primary schools where GME is in the majority. There are also a number of Gaelic medium early years centres and cròileagain (playgroups) operating across Scotland.

Gaelic medium secondary education (GMSE) is also available in 33 secondary schools in Scotland. In these schools, Gaelic is typically offered as a subject, with some schools delivering a further proportion of the curriculum through the medium of Gaelic. Gaelic learner education (GLE) is distinct from GME in that it is delivered to those who are in English medium education as an additional language. GLE provides young people with an introduction to Gaelic language and culture.

Education agencies and public bodies in Scotland also have a vital role to play in supporting and developing Gaelic education in Scotland. Teacher education institutions also make an essential contribution to the promotion, support and growth of Gaelic education in Scotland. Along with these bodies, Stòrlann Nàiseanta na Gàidhlig supports pupils, teachers and parents through its role in providing resources for Gaelic education.

Building on the Education (Scotland) Act 1980, the Scottish Parliament has passed a number of pieces of legislation which are important for the delivery of education including the delivery of Gaelic education in Scotland's schools. These include the Gaelic Language (Scotland) Act 2005, the Schools (Consultation) (Scotland) Act 2010, the Education (Scotland) Act 2016 and related Guidance.

Growth and Progress of GME

The Scottish Government would like to hear from Gaelic education interests what they consider to be the barriers or obstacles that need to be addressed to allow GME to make further progress. We would also like to hear your views on possible solutions to these issues.

Over recent years there have been reports on GME and GME consultation responses which have had a common theme. This theme has been that there are certain barriers or obstacles that need to be addressed in order to enable GME to make good progress. In order to stimulate further discussion and engagement with stakeholders some of these issues are set out below. However, the Scottish Government wants to hear your views on where attention is needed in order to enable and assist with further progress of GME in Scotland. We want to elicit your ideas on options to bring about improvements, and as such when responding to this consultation you may wish to provide your views in some of these area but you should not feel constrained or limited to these topics. We are open to and welcome additional views and ideas.

Areas of concern may include:

- GME provision, access to provision and local authority promotion of GME,
- GME as a 3-18 experience and GME continuity,
- GME subject choice, curriculum and assessment arrangements,
- GME teacher recruitment, placement, retention and professional learning,
- Teacher and pupil support and resources,
- 0-3, early years provision and linguistic acquisition,
- Class sizes, language assistants, immersion and fluency,
- Taking account of GME when setting national expectations and in activity around School Inspection,
- Inclusion of GME in the planning for and reporting by schools where GME is provided as part of a dual stream school.

These areas above are listed as broad headings but each could contain further detailed issues. For example under the heading of access, we are aware many parents have had issues with gaining a GME place where there is limited or no provision. This may also be the case where demand is outstripping places available. Some parents can be disadvantaged or unable to take up a place where transport issues are dependent on catchment arrangements and by the locally established policies around transport. Again, under the broad category of subject choice there may be concern about GME subject provision in the senior phase. Each of the points listed above can be subdivided into other more detailed and specific examples.

The aim of any new strategic approach to Gaelic medium education will be to support growth and development and ensure that GME delivers a good quality educational experience for all the young people in GME. In order to achieve this every effort must be made to bring improvements where a particular issue is identified as a barrier to growth. Therefore we ask you to consider what steps, in your view, need to be taken to make progress or provide solutions. For example solutions may involve:

- A review and changes to the duties on local authorities with regard to GME,
- Clarification of the nature of the 3-18 GME experience and of what parents can expect from it,
- Further measures to support GME teacher recruitment and professional development,
- Ensuring that GME early years provision is in place and supported,
- Establishing how national bodies and agencies can better work together to support GME.

Solutions identified as part of the new strategic approach to Gaelic medium education may be delivered through the current legislation, amendments to it and an update of the guidance on GME. It is also necessary to ensure that account is taken of the wider education reform agenda across Scottish education and the inclusion of GME at that heart of that reform. Where you identify an issue you may wish to suggest what action you consider could enable progress to be made in GME.

As mentioned, although a number of broad headings have been listed above, there is no presumption that consultation views should be limited to these points. Views are welcome on other barriers and suggested solutions.

Consultation Questions

Consultation responses are invited on the question of a new strategic approach to Gaelic medium education.

Thinking of barriers, obstacles and solutions – What are the key aspects you feel should be included in a new strategic approach to Gaelic medium education?

What steps do you think should be taken to support and promote Gaelic education and to ensure that any new strategic approach to GME is implemented?

Are there any other points you would like to make about the provision of Gaelic medium education and Gaelic learner education in Scottish education?

Gàidhealtachd

This section will consider whether the Gàidhealtachd commitment should have a principal focus on location and how it is defined or on Gaelic speakers wherever they are and how they are supported.

The Scottish Government's wish is to strengthen the language and support Gaelic speakers in communities wherever they may be in Scotland. Our aim will be to raise levels of language use, provide more services through the medium of Gaelic and extend opportunities. In particular, our aim includes the wish to see an increase of Gaelic language use in the vital areas of both home and community. Associated with this is a commitment to have a focus on arresting language shift in areas with significant speaker numbers.

Traditionally the Gàidhealtachd has been a term used for the Highlands and Islands of Scotland. At certain points in our history the language and culture of this region would have been predominantly Gaelic. Although the term Gàidhealtachd has not featured in Gaelic policy in Scotland, the aim of this commitment will be to consider what further steps can be taken to support and promote Gaelic and to increase the numbers speaking, using and learning the language. The focus of this section of the consultation paper will be the commitment to explore the creation of a Gàidhealtachd.

Ireland's Gaeltacht

The Irish Gaeltacht areas have been recognised since the 1920s and these were areas where the Irish language was prominent and supported. The most recent legislation has been the Gaeltacht Act of 2012. The Act redefined the traditional Irish-speaking areas in Ireland on linguistic criteria instead of on geographic areas which had been the position until 2012.

In the Republic of Ireland, this term is more closely associated with language support and policy implementation. The Republic of Ireland has used an equivalent term through the last century but even that system has evolved and developed over that period and it does not provide a clear or a static solution for us to import in answer to the question of what may constitute a Gàidhealtachd. To stimulate consideration and discussion however an overview of the current arrangements are referenced below.

The Irish language was once widely spoken throughout the island of Ireland, but now approximately only 2% of Ireland's population live in the Gaeltacht, the areas where Irish lives as a community language.

The Gaeltacht Act 2012 provides the statutory footing for language planning process. Under the process, Gaeltacht communities in addition to communities in Gaeltacht Service Towns and Irish Language Networks are being afforded the opportunity to prepare and implement language plans at a community level with ongoing support. Such communities are therefore being offered the opportunity to play a key role in addressing the challenges facing the Irish language as identified at community level. The Language Planning Guidelines give a comprehensive overview into the process and how it operates.

Under the language planning process, Údarás na Gaeltachta is charged with facilitating the implementation of the process in Gaeltacht Language Planning Areas and Gaeltacht Service Towns located within the Gaeltacht, while Foras na Gaeilge has similar responsibility for the implementation of the process outside the Gaeltacht insofar as it relates to Gaeltacht Service Towns and Irish Language Networks.

Under the Gaeltacht Act 2012, the Gaeltacht has been divided into 26 Gaeltacht Language Planning Areas which have been given the opportunity to prepare and implement language plans at community level. Gaeltacht Service Towns are towns in, or adjacent to Gaeltacht Language Planning Areas which play a significant role in the delivery of public services and leisure, social and commercial amenities to those areas. Irish Language Networks are areas outside the Gaeltacht which have a basic critical mass of community and State support for the Irish language.

Gàidhealtachd Discussion

The Highlands and Islands of Scotland has traditionally and historically been regarded as the Scottish Gàidhealtachd. However, in terms of the policy application of this term, there are differing views and responses. Some of these have been referred to below and these may help with responses to this consultation.

Some regard the term Gàidhealtachd as a specific location to be geographically designated. They would see the aim of this commitment to be to strengthen Gaelic in geographical areas where it is spoken by a significant percentage of the population. The presumption being that there are certain areas where the Gaelic language has a higher profile and that certain language support initiatives should happen in these areas.

At the same time a number of interest groups did not view the delivery of this commitment as a straightforward task. There were questions raised about how this commitment sat with the concept that Gaelic should be for all of Scotland and should be a national language. This was linked to the concern about ongoing support for Gaelic in other areas, such as Glasgow or Edinburgh, that might be defined as non-Gàidhealtachd. There were suggestions that this approach might be divisive, might be difficult for the allocation of grants and if a line was to be drawn on a map it would be difficult to reach agreement on the criteria for this decision.

Others considered that the focus should be on providing support for those learning and speaking the language and in the networks and communities they belong to, wherever they are. These options are not mutually exclusive and consideration may need to be given to how all can be better supported. In addition to this, we must keep in mind the importance of on-line, digital resources that Gaelic speakers and learners have access to and the communities that result from this.

Gàidhealtachd Options

For the purpose of this consultation exercise, this section will include a focus on geographical areas where there is a significant proportion of Gaelic speakers and where there is significant Gaelic activity.

Where there is a focus on a significant proportion of Gaelic speakers there would be the challenge of how to define such an area and to ask what percentage of the population would need to be Gaelic speakers for an area to be defined as Gàidhealtachd. The question to follow would be what Gaelic measures should be secured in this area – for example should:

- GME be available in all schools?
- bodies adopt a bilingual approach?
- a measure of community support be available for Gaelic?
- public bodies and authorities make clear commitments on how they intend to improve support for Gaelic and provide for Gaelic speakers in Gàidhealtachd areas?

There will also be questions of whether any additional resources could be allocated to this area and how this could be monitored or regulated. This commitment may also involve questions about enterprise activity and how sectors such as employment, health, housing, transport, connectivity, community matters and more can support Gaelic in such communities. There will also be questions of what this will require of other Scottish Government policy areas.

Separately, certain areas could be defined by virtue of a level of Gaelic activity. The case could be made, for example, that in areas where Gaelic medium education schools and units are located, this creates certain networks and levels of Gaelic activity. If recognition was given on this basis then again some thought would have to be given to what activities in support of Gaelic should be located, encouraged and established in such areas. In communities where GME exists there will often be other Gaelic projects and activities which could include Fèisean and other Gaelic arts activities, Gaelic adult learning opportunities and the work of Gaelic community development officers. It is the existence of GME that often leads to the other activities in support of the language.

An option for making progress with this commitment could be by means of a review of the Guidance on Gaelic Language Plans produced by Bòrd na Gàidhlig. For example, the Gaelic Language (Scotland) Act 2005 and associated Guidance encourages a proportionate application of Gaelic plans. There are powers under the 2005 Act for regulations to be made which make further provisions for what certain Gaelic Language Plans should contain. In other words, commitments should be stronger where there are more Gaelic speakers. In addition, there have been commitments in the National Plans for Gaelic that certain things should happen in areas with a higher percentage of Gaelic speakers. The policy approach of the National Islands Plan with its Island Communities Impact Assessment is also relevant here as is the potential to create local community Plans.

On-line and Digital

Gaelic on-line activity would have to be seen as an essential element of any attempt to look at the best way to support Gaelic speakers. Gaelic on-line activity is central to all attempts to support Gaelic whether in towns and cities or in areas of low population.

Regulation and Enforcement

The question of how requirements in any Gàidhealtachd area could be implemented and monitored is also an important part of this commitment. This was another theme that emerged clearly in Scottish Government's informal consultation work, where questions were asked about the powers which Bòrd na Gàidhlig had to monitor and enforce requirements set out in Gaelic Language Plans or in their Guidance. The question of monitoring and enforcement and where this function should sit, overlaps with the commitment on the review of the functions of Bòrd na Gàidhlig.

Consultation Questions

Consultation responses are invited on the question of exploring the creation of a Gàidhealtachd.

Do you have views on what measures should be in place to support Gaelic speakers in areas with significant numbers of speakers?

Do you have views on how such areas should be defined?

How would you balance the commitment to put measures in place in areas where there are significant Gaelic speakers with the principle that Gaelic should be a national language for all of Scotland?

Are there any further points you would like to make about the commitment to explore the creation of a Gàidhealtachd and the associated commitments relating to Gaelic use in family and community?

Bòrd na Gàidhlig

This section will discuss the commitment to review the functions and structures of Bòrd na Gàidhlig to ensure Scotland has an effective leadership body and network of organisations for the promotion of Gaelic.

Bòrd na Gàidhlig was established under the Gaelic Language (Scotland) Act 2005. The Scottish Government now intends to review Bòrd na Gàidhlig to ensure that Scotland has the most effective leadership body in place for Gaelic with the most appropriate powers for the promotion of Gaelic. The review will involve seeking views of stakeholders as part of this consultation and will include working alongside Bòrd na Gàidhlig to take their views on opportunities they identify for system improvement. With reference to the sections of this consultation on Gaelic Medium Education and exploring a Gàidhealtachd it will be also necessary to reflect on whether suggestions which emerge from responses to those sections will necessitate further changes to the functions of Bòrd na Gàidhlig.

The Scottish Government and Bòrd na Gàidhlig provide support to a wide network of organisations which work in support of Gaelic and consideration will be given to how to provide this support most effectively and efficiently. Our ambitions for Gaelic include the contributions of public authorities and bodies and in particular our wish is that bodies with functions in arts, tourism and heritage consider how they can contribute to achieving faster rates of progress for Gaelic. The review will look at the current structure, functions and operation of Bòrd na Gàidhlig and at the network of funded Gaelic organisations, with a view to asking if this is still the right structure to effectively promote and support Gaelic in Scotland.

A wide range of views have been expressed on this subject and this is probably a measure of the importance to the community of having a national body to promote the language. Again these views are referred to here in order to stimulate reflection and discussion. However stakeholders should not feel constrained by these topics and are invited as part of this consultation to offer a full range of views and their suggestions on any system changes that they would like to see.

For example views have been expressed on a need to rebrand and relocate Bòrd na Gàidhlig; on the level of Bòrd na Gàidhlig funding of Gaelic bodies; on the operation of the Gaelic language plans system including its implementation, on the status and content of the documents Bòrd na Gàidhlig produce including the National Plan for Gaelic and the Statutory Guidance on Gaelic Language Plans. Some Gaelic speakers and learners recognise the key leadership role Bòrd na Gàidhlig has in promoting the Gaelic language and community confidence in the language. Others focus on Bòrd na Gàidhlig's role in requiring other public bodies to be more aware of and impactful for Gaelic and in supporting Gaelic funded bodies across the sector.

Opinions have been expressed about whether Bòrd na Gàidhlig should be closer to the Scottish Government and at the same time that it should be closer to the community and to Gaelic organisations. There have been comments about regulation and enforcement and about the corporate and administrative pressures on a small public body and how this can be addressed or alleviated.

There is an awareness that the other Scottish Government commitments may have implications for the structure and functions of Bòrd na Gàidhlig but mainly there is an acknowledgement that, given Bòrd na Gàidhlig was established over seventeen years ago, the time is right to review how it is performing and assess whether the functions it was established with in 2005 are still suitable for what Gaelic requires of it at this point in time.

Some consultees may comment on the detailed operation of the current Bòrd na Gàidhlig functions, including their own experiences of how those operate in practice. Others may wish to reflect and comment on the structure of the body, including where it sits in the public body landscape.

Questions of how Gaelic plans should be regulated and monitored have also featured in informal consultations, and while responses on that may be offered in the context of exploring a Gàidhealtachd we would welcome any suggestions as to how the Gaelic Plans System could be amended to make stronger, faster progress for Gaelic.

Bòrd na Gàidhlig Functions

Bòrd na Gàidhlig has as its founding legislation the Gaelic Language (Scotland) Act 2005. It also has a Framework Document which sets out its relationship with Government together with respective roles and responsibilities.

The general functions of Bòrd na Gàidhlig, as set out in the 2005 Act, can be summarised as relating to the Gaelic language, Gaelic education and Gaelic culture. Bòrd na Gàidhlig has duties to promote and facilitate the promotion of the use and understanding of the language. Bòrd na Gàidhlig has functions to provide advice on language, education and culture to Scottish Ministers and other public bodies. In addition, Bòrd na Gàidhlig has power to advise, on request, other persons on matters relating to the Gaelic language, Gaelic Education and Gaelic culture.

Bòrd na Gàidhlig is also responsible for duties relating to Gaelic plans and for the preparation of the National Plan for Gaelic. The Bòrd can require public authorities to produce a Gaelic Language Plan setting out what that body will do in relation to Gaelic, can agree the content of the plan with them and request reports on progress on how that is implemented. Bòrd na Gàidhlig is also required to prepare Guidance on Gaelic language plans and on Gaelic education. A significant percentage of the funding allocated to Bòrd na Gàidhlig is distributed through grants by them to other bodies and projects related to support for the Gaelic language.

The 2005 Act provides that the functions conferred on Bòrd na Gàidhlig should be exercised with a view to securing the status of the Gaelic language as an official language of Scotland commanding equal respect to the English language through increasing the number of persons who are able to use and understand the Gaelic language.

Status as an Executive Non-Departmental Public Body

Bòrd na Gàidhlig is a Non-Departmental Public Body. NDPBs play an important role in the delivery of public services in Scotland, carrying out a wide range of functions on behalf of Government, with varying degrees of operational autonomy from Government.

NDPBs deliver ministers' priorities through the promotion, funding, regulation and scrutiny of services as well as by providing independent, expert advice to ministers and, often, strategic policy input to Government.

NDPBs should add value to Government through their specialist knowledge and skills, their focus on specific issues and connections with stakeholders and other interests. They are, by nature, delivery-focused and align their business to the Government's Purpose and National Outcomes.

In terms of structure, Bòrd na Gàidhlig could sit closer to Government and there are options to consider on how this could be done. There could be efficiencies in this in terms of legal, human resources, finance and corporate support. This could relieve some of the administrative burdens on a small body.

While Bòrd na Gàidhlig operates as a small public body, this allows it wherever possible to operate through the medium of Gaelic. We expect that there is wide support for the principle of having a public body to promote and support the Gaelic language and that it is considered important that this body should continue to operate in the Gaelic language.

Gaelic Language Plans

Scottish Government would like to hear your views on whether the Gaelic language planning framework remains the best way to proceed for the protection of the Gaelic language or whether wider changes should feature as a result of this review. The current system of Gaelic plans has demonstrated progress but there is an opportunity to consider whether that system could be strengthened or whether there is a better mechanism for making further, faster progress for Gaelic. If you have experience of the Gaelic language planning framework we would ask you to consider whether it is as efficient as it could be, or whether you have any suggestions to make on how to achieve a less resource-intensive ways of making progress for Gaelic.

Consultation Questions

Consultation responses are invited on the question of a review of the structure and functions of Bòrd na Gàidhlig.

Do you have any views on the current duties of Bòrd na Gàidhlig and any suggestions of how these could operate more effectively or efficiently?

Do you have any views on structural changes at Bòrd na Gàidhlig which could strengthen the promotion of and support for Gaelic in Scotland?

Are there any further points you would like to make about the review of the functions and structure of Bòrd na Gàidhlig which seeks to ensure Scotland has the most effective leadership body and network of organisations for the promotion of Gaelic?

Scots Language

We will bring forward a new Scottish Languages Bill which takes further steps to support Gaelic, acts on the Scots language and recognises that Scotland is a multilingual society.

Scots Language Policy Context

The Scottish Government has a Scots language policy which was officially launched in 2015. The Scottish Government is also committed to build on this and take further steps to support Scots. There are a number of other statements and commitments which demonstrate the policy context that Scots is set in and the level of priority being accorded by the Scottish Government to the Scots.

Scots is spoken throughout Scotland and the 2011 Census indicated that over 1.5 million people identified themselves as Scots speakers. The Council of Europe's Charter on Regional or Minority Languages recognises Scots. The Scots provisions include the undertakings that policies should be based on recognition of regional or minority languages as an expression of cultural wealth. The undertakings include the need for resolute action to promote regional and minority languages such as Scots. The undertakings also include the facilitation and encouragement of the use of Scots in speech and writing, in public and private life, the provision of appropriate forms and means for the teaching and study of Scots and more.

Scots has also received recognition in Scottish education. The Curriculum for Excellence makes clear that 'the languages, dialects and literature of Scotland provide a rich resource for children and young people to learn about Scotland's culture, identity and language. Through engaging with a wide range of texts they will develop an appreciation of Scotland's literary and linguistic heritage and its indigenous languages and dialects. This principle permeates the experiences and outcomes and it is expected that practitioners will build upon the diversity of language represented within the communities of Scotland, valuing the languages which children and young people bring to school.'

Following on from this, the Scottish Government in 2011 agreed to develop the concept of Scottish Studies in our schools. The Scottish Qualification Authority (SQA) developed the Scottish Studies award and the Scots Language award aimed at creating a distinct strand of learning focused on Scotland incorporating Scottish history, Scottish literature, the Scots and Gaelic languages, wider culture and Scottish current affairs. All pupils have access to this strand at Primary and Secondary levels.

Research has been encouraged into attainment levels amongst students who are taking these awards. Creative writing in Scots is also encouraged and supported within Scottish Qualification Authority's (SQA) National Qualifications for English. There was a significant increase between 2018-2019 in the number of learners sitting and attaining these awards, in all levels from SCQF level 2-6.

The Scots Language Awards is an annual event and different from the Scottish Qualification Authority awards. These awards were first established in 2019 to celebrate the work that has been going on in Scots community for many years now. The main aims of the event is to raise the profile of the language and promote the work being done and to support it in the media. The awards also gives a platform to the many writers, organisations and performers to help promote themselves in their careers.

Education Scotland has provided good support for the place of Scots within education and has promoted and developed an online professional development course for teachers.

In 2022, the Scottish Government is providing funding to the following organisations and other Scots projects:

- Scots Language Centre
- Dictionaries of the Scots Language
- Association for Scottish Literature
- Scots Hoose
- Scots Radio/Doric Film Festival
- Doric Board
- Scottish Book Trust (Scots Publishing Grant & Scots Bookbug app)
- YoungScot (Scottish Languages Panel)

Informal Discussions

There have been informal discussions with Scots stakeholders and those with interest in the language. In these discussions a range of measures were suggested to strengthen Scots and raise the profile of the language. The focus was largely on education, arts, broadcasting and publishing. In addition, there was also discussion of what new structures may be needed to support the Scots language.

In these discussions, there was broad enthusiasm for Scots to be given increased recognition and for Scots to have a higher profile in education. Scots representatives also highlighted the potential for the use of Scots to increase in arts, broadcasting and publishing. A number of bodies could make a significant contribution in this area.

There were also suggestions received that the best way forward for the Scots language would be to build on the work and expertise of bodies that are already in place and receiving support. In order to assist with this discussion, a number of Scots bodies have been listed below with a brief description of their activity.

Key Scots Bodies

The Scots Language Centre

The Scots Language Centre (SLC) receives funding from the Scottish Government to provide information and advice on Scots, raise awareness of and promote the use of the Scots language, culture and education. It is one of the main online sources for educational resources for early years to secondary along with Scots Hoose. The Scots Language Centre also employ a General Teaching Council Scotland (GTCS) registered teacher as their educational specialist who maintains partnership working with Education Scotland, the SQA, and other educational organisations, developing professional learning and resources both collaboratively and in-house.

The Scots Language Centre routinely supports and expertly advises, on request, individuals, groups, organisations, and public bodies on issues across the whole range of language usage. The Scots Language Centre also lead on the “Aye Can” campaign aimed at creating awareness around the Scots language in relation to the Scots question in the 2022 Census. The Scots Language Centre has produced a new range of Scots online, interactive learning materials for use by learners 3-18, teachers and parents. In September 2021, the Scots Language Centre launched the “Scots Warks” guidance and resources aimed to help people gain confidence in their literacy skills, writing in Scots. This guidance was created in consultation with Scots speakers and developed through an expert working group, made up of several prominent Scots authors.

Dictionaries of the Scots Language

The Scottish Government funds the Dictionaries of the Scots Language which is responsible for the major dictionaries of the Scots Language and undertakes a wide range of educational outreach work with people of all ages and abilities. The Dictionaries of the Scots Language has published articles about Scots words in the Herald newspaper to raise awareness and encourage discussion with the public. As part of Book Week Scotland in November 2019, the Dictionaries of the Scots Language launched the publication “100 Favourite Scots Words”. In early 2021, the Dictionaries of the Scots Language launched the free “Scots Dictionary for Schools app” available to all school pupils and learners alike. The new app features thousands of audio files to help learners with pronunciation. It was downloaded over 1000 times in its first week of launch and continues to be a valuable learning tool for schools and learners.

Association of Scottish Literature

The Association of Scottish Literature (ASL) also receives funding from the Scottish Government. The Association of Scottish Literature provides professional development and support materials on Scottish literature and languages for teachers and pupils, publishes Scottish literature which has been neglected or warrants fresh presentation to a modern audience and also produces a series of school-college level study guides and resources. The Association of Scottish Literature also holds a Schools Conference providing Continued Professional Learning Development (CPLD) for teachers in secondary for English and Scots.

Scots Hoose

Scots Hoose is the leading provider of free online Scots language education resources for schools. In 2022/23, the Scottish Government will provide funding to Scots Hoose; it produces much-needed films, animations, graphic novels, original poems, stories, songs and learning resources in Scots for early years, primary and secondary teachers and pupils. Its mission is to raise attainment by improving Scots provision for all of Scotland's young Scots speakers, with particular focus on young Scots speakers living in areas of deprivation. Scots Hoose has worked with a range of professional artists from different backgrounds and have involved schools in contributing to resources and even making their own short films.

Scots Radio/Doric Film Festival

The Scottish Government provides funding to Scots Radio, who successfully established Aberdeenshire's first ever Doric Film Festival in 2018-2019. The festival, provides a high-profile platform for showcasing short films made by individuals, community groups and schools in the North East of Scotland. At the recent 2021 Celtic Media awards, Scots Radio won the Radio magazine show award. The Doric board was created with a strong focus to supporting local groups and projects by providing small grants to support Doric development and initiatives.

Scottish Book Trust

In 2018, the Scots publication grant was launched, funded by the Scottish Government and delivered by the Scottish Book Trust. It was created to support Scots publishers and encourage Scots writers. The grant has proved a great success, producing a mix of several publications featuring poetry, fiction, children's and historical works. It shows the wealth of talent and interest in the language, and strengthens the case for the Scottish Government's support of Scots and those who wish to use it.

The Commitment to Scots

The commitment to a Scottish Languages Bill will be the key legislative vehicle for delivery of any changes to primary legislation which may be needed to deliver the commitments on the Scots language and multilingual recognition. As noted earlier, there is broad enthusiasm for Scots to be given increased recognition and status and the discussion above has noted the possibility of an expanded role for current Scots bodies.

There is also a wish for Scots to have increased promotion and support in education. Similarly, a duty on bodies to promote and support Scots or to consider how they can take account of Scots in their work could be delivered through a bill.

Consultation Questions

Consultation responses are invited on the question of support for the Scots language.

Thinking of the work of the key Scots bodies as referred to in the paper – What are your views on the work of the Scots bodies? How would you strengthen and add to the work of these bodies?

What are your views on the next steps that should be taken to support the Scots language?

Are there any further points you would like to make about the commitment to support the Scots language?

Consultation arrangements – Responding to this Consultation

The Scottish Government is seeking views on its commitments towards Gaelic and Scots and a Scottish Languages Bill.

Please respond to this consultation using the Scottish Government’s consultation hub, Citizen Space. Access and respond to this consultation online at <https://consult.gov.scot/education-reform/gaelic-and-scots-scottish-languages-bill>

You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of Thursday 17th November 2022.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form and send to: GaelicAndScotsConsultation@gov.scot

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise. If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://www.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email. Following the closing date, all responses will be analysed and considered along with any other available evidence to help us.

Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints: If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at ConsultationPSC@gov.scot

Scottish Government consultation process.

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work. You can find all our consultations online: <http://consult.gov.scot> Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review;
- inform the development of a particular policy;
- help decisions to be made between alternative policy proposals;
- be used to finalise legislation before it is implemented.

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.

Scottish Government consultation exercises aim to provide opportunities for all those who wish to express their opinions on a proposed area of work to do so in ways which will inform and enhance that work.

The Scottish Government may make the responses to this consultation paper available to the public and to the Scottish Parliament.

Please complete the relevant sections in the response form to ensure that we will treat your response appropriately. All responses will be acknowledged, analysed and considered by the Scottish Government Gaelic & Scots Team.

Respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Respondent Information Form



RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

Individual

Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Information for organisations:

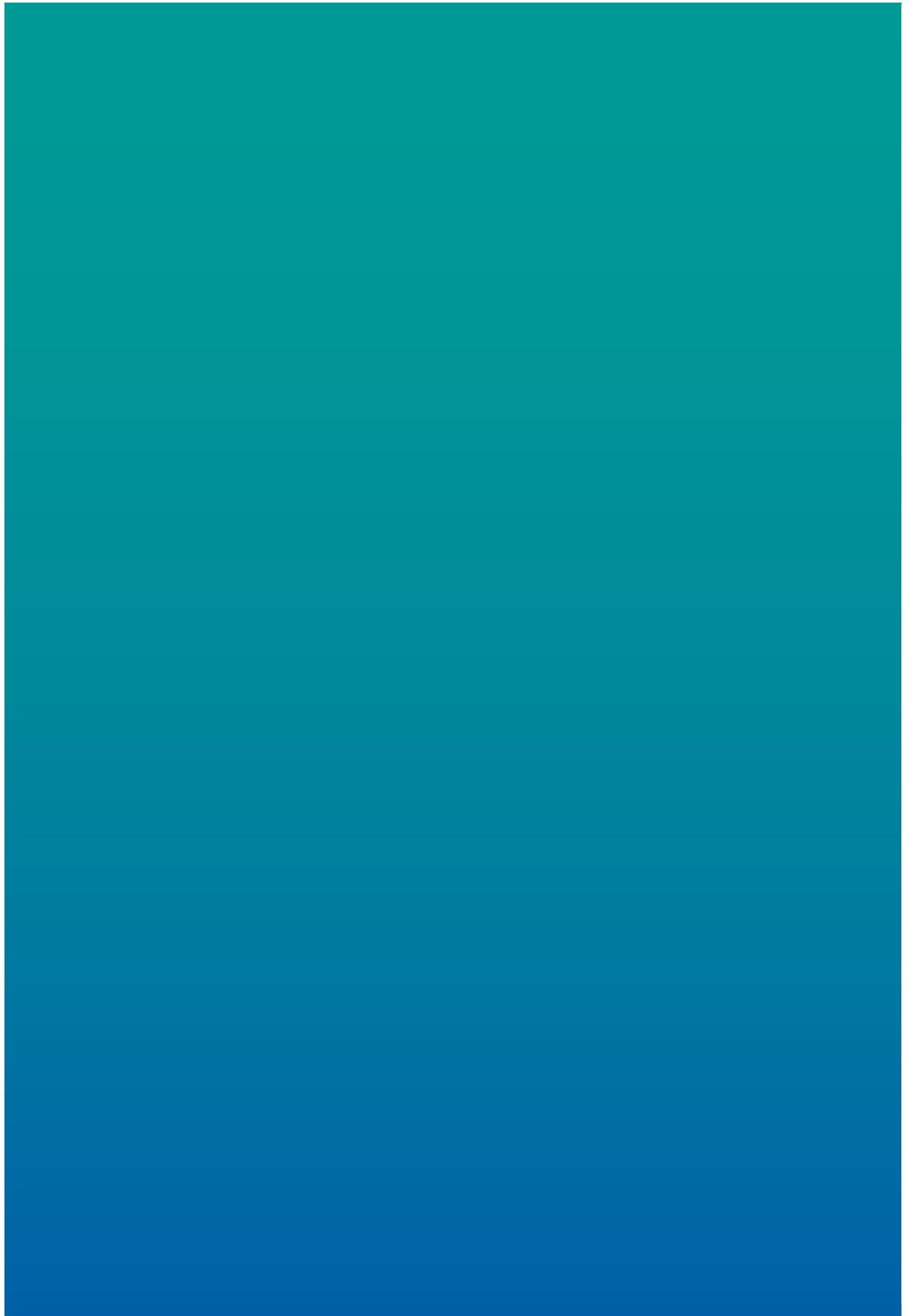
The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

- Publish response with name
- Publish response only (without name)
- Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

- Yes
- No





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Consultation on The Scottish Government Commitments to Gaelic and Scots and a Scottish Languages Bill

Respondent Information Form

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

Aravll and Bute Council

Phone number

01546 604466

Address

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Postcode

PA31 8RT

Email Address

gaelic@argyll-bute.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
 Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

No

Consultation Questions

Consultation responses are invited on the question of a new strategic approach to Gaelic medium education.

Thinking of barriers, obstacles and solutions - What are the key aspects you feel should be included in a new strategic approach to Gaelic medium education?

Local Authorities, schools, and head teachers engaging with their school community and taking account of the availability of resources and demand, should continue to be empowered to determine GME provision locally. There is no evidence provided in the recent consultation document that the legislation is not working and no evidence provided that parental demand is not being met. However, it is clear that in order to meet the expectation of parents, children and young people there is a need to ensure that Local Authorities are adequately resourced, both in terms of funding and availability of suitable practitioners.

Due to the current financial landscape, councils will have limited scope to invest in services and therefore, any additional commitments will need to be fully funded by Scottish Government (both capital and revenue funding). The shortage of GM teaching staff is particularly prevalent within Argyll and Bute. We have found it increasingly challenging to recruit staff to GME posts and currently have a number of vacant posts which we have been unable to fill. If the intention is to further expand provision, there will need to be significant and fast paced work undertaken in order to increase training and recruitment of GME teachers.

Whilst we appreciate the intent to ensure that GME experiences are immersive and the aspiration to increase the variety of subjects taught through GM in both the BGE and Senior Phase, this would be impossible to achieve given the current level of funding and lack of a suitable workforce.

At our Gaelic Gathering issues were raised by participants about encouraging older children to 'stick' with Gaelic or come back to it – GME is only part of the solution.

National promotion of potential occupations and career routes for young people if they develop their language skills would be an incentive for them.

More national support for parents of GME young people regarding the benefits of Gaelic and potential economic opportunities that it creates.

What steps do you think should be taken to support and promote Gaelic education and to ensure that any new strategic approach to GME is implemented?

Whilst schools play a role in the promotion of Gaelic education, further support and investment would need to be provided to organisations such as Argyll College and UHI to enable them to incentivise in order to attract and increase the number of students wishing to qualify as a GM teacher. The availability of GME teachers is out with local authority control and without action from the Scottish Government and partners to increase the number of GME teachers, any expansion would not be deliverable. As an authority, we continue to support and promote GME and work hard to ensure that GM learners are receiving high quality experiences.

Are there any other points you would like to make about the provision of Gaelic medium education and Gaelic learner education in Scottish education?

The same staffing challenges as outlined above impact on the delivery of a Gaelic learner pathway within our schools. We are conscious of the fact that the national discussion is taking place and that reform is very much on the horizon. The timing of the Gaelic and Scots Language Consultation could have been more carefully considered in order to give it the high profile that it deserves. There is a concern that the responses to the consultation will not be representative of the wider population.

Consultation responses are invited on the question of exploring the creation of a Gàidhealtachd.

Do you have views on what measures should be in place to support Gaelic speakers in areas with significant numbers of speakers?

There is a core question in this section about what a Gàidhealtachd is the solution to. What would this proposal mean for communities, businesses and councils in a designated area?

We recognise that it is important to support Gaelic speakers in areas where there are significant numbers of speakers and the Council tries to ensure that there are opportunities available, but we are limited in our capacity. It can be challenging to ensure that all Gaelic speakers are able to access these opportunities. The increased use of technology could help to support this but that depends on connectivity which we know can be problematic for some of our rural and island communities.

There is a wider role for communities in this question and understanding what they would see as the benefit of it. There is interest in Gaelic Community Hubs within Argyll and Bute. This was demonstrated via a survey with 1300 respondents and the Argyll Gaelic Gathering. Exploration of the concept has shown that reasons for

wanting hubs are mainly for people to have opportunities to speak, hear and practice Gaelic and meet others within the Gaelic community. There is a network of events and linked groups rather than specific buildings. These would be measures that would be helpful to have in place in areas with significant numbers of speakers. But it is not clear that designating a Gàidhealtachd would enable this to happen,

There is a need for building confidence within the speaker and learner populations to use their Gaelic. The Argyll Gaelic Gathering identified this as an issue with fluent speakers feeling unconfident about using their Gaelic in intergenerational contexts and with learners.

A training needs analysis of third sector groups within Argyll and Bute identified that 6% of respondents had confidence in engaging in Gaelic. 3% had confidence around Gaelic language policies and plans. Gaelic speakers will interact with these groups and so awareness training would be useful around Gaelic, the Gaelic community and a brief history of some of the challenges they face and why Gaelic is important. Again, it is not clear that the designation of a Gàidhealtachd area would address this.

As a Council, we have a Gaelic Language Plan that supports the development and use of the language. We would expect full engagement on the development of a Gàidhealtachd area that included Argyll and Bute and in particular any duties that this were to place on the Council, which we would expect to be fully funded.

Do you have views on how such areas should be defined?

Designating an area creates both inclusion and exclusion. The area defined should be informed by the ultimate intent of what the Gàidhealtachd aims to achieve and deliver.

How would you balance the commitment to put measures in place in areas where there are significant Gaelic speakers with the principle that Gaelic should be a national language for all of Scotland?

We think it would be challenging to create a Gàidhealtachd without leading to inequity of access and provision. For example, due to the geography and demographic of Argyll and Bute, it would be challenging to identify one specific area with the highest population of Gaelic speakers and this also runs the risk of moving away from the principle that Gaelic should be a national language for all.

Are there any further points you would like to make about the commitment to explore the creation of a Gàidhealtachd and the associated commitments relating to Gaelic use in family and community?

Further funding could be made available in order to enable Councils to support Gaelic use in communities without the creation of a Gàidhealtachd. Councils should be given full autonomy (within a framework) on how any additional funding should be spent. In addition to this, local authorities who are not deemed to be part of a Gàidhealtachd may feel less supported in their mission to deliver the targets within their Gaelic Language Plan.

The Gaelic Tourism Group led by Visit Scotland are evolving to incorporate culture and heritage in relation to Gaelic into their remit in a sensitive way. Part of the discussion around this evolution recognises the need for sensitivity when exploring culture, heritage and tourism to avoid the commodification of Gaelic culture and heritage. Community consultation and clear communication will be key and we see this as also being crucial to creation of a Gàidhealtachd.

There would be an implication for all partners in the development of a Gàidhealtachd and we would expect full engagement on the detailed proposals. Who would have oversight of the Gàidhealtachd? How could they work together and ensure the aims of the Gàidhealtachd are achieved?

How would the Gaelic speaking population be enabled to continue living in the Gàidhealtachd in relation to housing prices; health and social care; transport etc.?

Consultation responses are invited on the question of a review of the structure and functions of Bòrd na Gàidhlig.

Do you have any views on the current duties of Bòrd na Gàidhlig and any suggestions of how these could operate more effectively or efficiently?

The current duties/role/areas of responsibility of Bòrd na Gàidhlig are unclear. There requires to be a very clear definition of the role of Bòrd na Gàidhlig and its areas of responsibility. For example, it would not be appropriate for Bòrd na Gàidhlig to play a role in quality assurance processes or in scrutinising provision at authority level. Neither is it appropriate for the Bòrd to step into a directing role in terms of a Council's Gaelic Language Plan or any agreed policy positions.

Bòrd na Gàidhlig should operate in an advisory and supportive capacity for organisations charged with developing and delivering Gaelic Language Plans and respect the governance and democratic accountability of those independent bodies.

Our concern is that if Bòrd na Gàidhlig gain further powers and more legislation is passed putting pressure on LAs and schools to deliver full immersion. Until such times as we have enough Gaelic speakers; who are interested enough to become teachers, then full immersion will not be possible.

Do you have any views on structural changes at Bòrd na Gàidhlig which could strengthen the promotion of and support for Gaelic in Scotland?

The profile of the Gaelic Development Officer (Teachers) role could be raised, giving LAs additional support with the recruitment of teaching and non-teaching Gaelic staff. This would be particularly useful to local authorities who have several Gaelic Medium provisions across many rural areas.

We would like to see greater visibility and transparency of Bòrd na Gàidhlig and to see them make a greater contribution to promotion of the benefits of the language, rather than the current 'policing' role that it takes. We would like to see it as an enabler of Gaelic rather than an enforcer of plans.

Are there any further points you would like to make about the review of the functions and structure of Bòrd na Gàidhlig which seeks to ensure Scotland has the most effective leadership body and network of organisations for the promotion of Gaelic?

Consultation responses are invited on the question of support for the Scots language.

Thinking of the work of the key Scots bodies as referred to in the paper - What are your views on the work of the Scots bodies? How would you strengthen and add to the work of these bodies?

What are your views on the next steps that should be taken to support the Scots language?

Are there any further points you would like to make about the commitment to support the Scots language?

There will be Scots speakers within Argyll and Bute. The Council would be happy to collaborate with those working in and for the Scots language communities and share learning and ideas from the Gaelic world.

Policy and Resources Committee Work Plan 2022-23

This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee.					
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
8 December 2022	Financial Report Monitoring Pack – 31 October 2022	Financial Services	Every meeting except May	8 November 2022	
	Budget Outlook 23-24 to 27-28	Financial Services			
	2023/2024 Annual Review - Procurement Strategy 2022/25 And Sustainable Procurement Policy 2022/25	Legal & Regulatory Support			
	Climate Change Board Update and Decarbonisation Tracker	Commercial Services			
	Our Modern Workspace (OMW) – Place Demonstrator Funding for Rothesay	Commercial Services			
	Local Authority Covid Economic Recovery Fund Update	Development and Economic Growth			
	Rural Growth Deal Update Paper	Development and Economic Growth			
	Lorn Arc tax Incremental Finance Programme – Update Report	Development and Economic Growth			

Policy and Resources Committee Work Plan 2022-23

	Scottish Government Gaelic and Scots and a Scottish Languages Bill: Consultation	Customer Support Services			
	Progress Report – Dangerous Building: 5-7 East Clyde Street, Helensburgh	Development and Economic Growth			
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
16 February 2023	Budget 2023-2024	Financial Services		17 January 2023	
	Treasury Management Strategy	Financial Services			
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
11 May 2023	TBC			11 April 2023	
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Report Monitoring Pack	Financial Services	Every meeting except May		
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
October 2023	Financial Report Monitoring Pack	Financial Services	Every meeting except May		
	Policy For Empty Property Relief In Non-Domestic Rates From 1 April 2023	Financial Services			Agreed 13.10.22 that an update would be provided in October 2023
Future Items – Date to be determined.					

Policy and Resources Committee Work Plan 2022-23

	Key Performance Indicators FQ2 – 2022/2023 – changing to Corporate Outcome Indicators	Customer Support Services	Annual		
	Historic Environment Scotland Heritage and Place Programme – Opportunity for Place Based Heritage Funding	Development and Economic Growth			
	UK Shared Prosperity Fund – Argyll and Bute Investment Plan	Development and Economic Growth			Regular updates to be provided. Agreed 11.08.2022

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ARGYLL AND BUTE COUNCIL
COMMERCIAL SERVICES

POLICY AND RESOURCES COMMITTEE
08 DECEMBER 2022

**OUR MODERN WORKSPACE (OMW) – PLACE DEMONSTRATOR FUNDING FOR
ROTHESAY**

1.0 EXECUTIVE SUMMARY

- 1.1. The Scottish Government have 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.
- 1.2. A Place Based Review of Rothesay and Dunoon was undertaken in 2021 jointly funded by the Council, HSCP and NHS Highland and the outcomes and actions from that review have been used and act as a foundation for changes we are implementing through Our Modern Workspace (OMW).
- 1.3. A bid to this competitive fund was made by the OMW team in August 2022 and the Scottish Government have now confirmed Argyll and Bute Council's application to implement the redesign proposals in Rothesay has been recommended for a grant award. This includes both the Victoria St Office and the Union St Office. The verbal confirmation is for the total capital costs for Rothesay to be funded as noted in **Appendix 1** It is recognised Argyll and Bute are one of only a few authorities to have both completed a PBR and progressed far enough with staff engagement, permissions and strategy to implement actions this financial year.
- 1.4. This level of funding would allow the OMW Project team to accelerate the Rothesay redesign which was originally part of Phase 2 and subsequently divert capital resources into other priorities or remove pressures in available budget.
- 1.5. The Scottish Government have requested that Argyll and Bute Council make a public commitment to:
 - ensure the funds awarded are spent solely on this project
 - demonstrate the place context, in discussion with other key partners
 - note the additionality this funding can provide – what this funding can unlock in the context of the wider Place Narrative.
 - Confirm the project and Council commitment by 31 March 2023

OUR MODERN WORKSPACE (OMW) – PLACE DEMONSTRATOR FUNDING FOR ROTHESAY

2.0 INTRODUCTION

- 2.1. The Scottish Government have 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.
- 2.2. A Place Based Review of Rothesay and Dunoon was undertaken in 2021 jointly funded by the Council, HSCP and NHS Highland and the outcomes and actions from that review have been used and act as a foundation for changes we are implementing through Our Modern Workspace (OMW).
- 2.3. A bid to this competitive fund was made by the OMW team in August 2022 and the Scottish Government have now verbally confirmed Argyll and Bute Council's application to implement the redesign proposals in Rothesay has been recommended for a grant award. This includes both the Victoria St Office and the Union St Office. The verbal confirmation is for the total capital costs for Rothesay to be funded as noted in **Appendix 1** It is recognised Argyll and Bute are one of only a few authorities to have both completed a PBR and progressed far enough with staff engagement, permissions and strategy to implement actions this financial year.
- 2.4. This level of funding would allow the OMW Project team to accelerate the Rothesay redesign which was originally part of Phase 2 and subsequently divert own capital resources into other priorities or remove pressures in available budget.
- 2.5. The Scottish Government have requested that Argyll and Bute Council make a public commitment to:
 - ensure the funds awarded are spent solely on this project
 - demonstrate the place context, in discussion with other key partners
 - note the additionality this funding can provide – what this funding can unlock in the context of the wider Place Narrative.
 - Confirm the project and Council commitment by 31 March 2023

3.0 RECOMMENDATIONS

Committee are asked to:-

- 3.1 Note this opportunity to access substantial Scottish Government capital funding as noted in **Appendix 1**;
- 3.2 Agree that the Place Demonstrator Funding will only be used to complete Our Modern Workspace programme in Rothesay to demonstrate the context of Place as a direct outcome of the Place Based Review
- 3.3 Agree that the Council should accept the opportunity to work with the Scottish Government and Scottish Futures Trust to accelerate the Rothesay Phase of the Our Modern Workspace through the Place demonstrator Funding by committing to their requests:-
 - demonstrate the place context, in discussion with other key partners
 - note the additionality this funding can provide – what this funding can unlock in the context of the wider Place Narrative, and
 - Confirm the project and Council commitment by 31 March 2023

4.0 DETAIL

- 4.1. The Place Demonstrator Fund has been established by the Scottish Government and is part of the Place Based Investment Programme. The process for applications was as follows:
 - A group has been convened by SG across COSLA, Government, HIE, SOSE, SFT, STP and DTAS
 - A set of criteria for investment and learning have been developed
 - The group is identifying a long list of possibilities
 - This list then works through conversations with the places to understand fit and deliverability
 - A short list is brought to the group for consideration and agreement
 - The recommendations are agreed by the Minister
 - Allocation is for the financial year 2022/23
- 4.2. Given the Place Based Review undertaken for Dunoon and Rothesay by HubNorth Scotland in 2021, it was suggested by them that Argyll and Bute project are considered appropriate to make a submission to the Place Demonstrator Fund to accelerate the implementation of the redesign of offices in Rothesay as this met the criteria for the funding.
- 4.3. In order to accurately reflect the costs for this part of the project. A review of the initial cost plan was undertaken to ensure the costs accurately reflected the current market costs given recent significant inflation increases. These costs are noted in **Appendix 1**: NB – Note given that the budget / financial information contained within this appendix relates to commercially sensitive information as part of an imminent tender the Appendix is considered as publically restricted.

- 4.4. If the panel do commend the Rothesay project and this funding is made available it will only be able to be used for the delivery of the redesign of both Union St and Victoria St offices in Rothesay due to nature and objectives of the fund. Copies of the proposed floor plans are attached at **Appendix 2**.
- 4.5. This is an opportunity for Argyll and Bute Council to work with the Scottish Futures Trust and HubNorth Scotland to assist other Local Authorities that are at the very start of their office rationalisation and co-location programmes to understand the Place narrative around how they look to better utilise their assets.
- 4.6. The Scottish Government have requested that Argyll and Bute Council make a public commitment to:
- ensure the funds awarded are spent solely on this project
 - demonstrate the place context, in discussion with other key partners
 - note the additionality this funding can provide – what this funding can unlock in the context of the wider Place Narrative.
 - Confirm the project and Council commitment by 31 March 2023
- 4.7. There were a number of outcomes identified in the Place Based Review of Rothesay and Our Modern Workspace is the first of those to be implemented. It is hoped that this funding and subsequent acceleration of these outcomes will provide a catalyst to the other partners involved in the Place Based Review to look at implementation of further outcomes identified.
- 4.8. The Place Based Review has allowed the review of spaces with other key partners, one of those are the Scottish Courts Services – who currently have some occupation of Eaglesham House, Rothesay which will become largely surplus to requirements following the remodelling exercise as proposed.
- 4.9. The remodelling of both Union Street and Victoria Street offices will free up Eaglesham House for further development opportunities, the OMW team will work with other Council Services and wider key partners to utilise the building to best meet the needs of the Island.
- 4.10. Further opportunities to utilise the spaces within these buildings to support the communities on the island are welcome and fundamental to the OMW project.

5.0 CONCLUSION

- 5.1 This paper provides an overview of the funding application submitted to the Scottish Governments Place Demonstrator Fund.

6.0 IMPLICATIONS

- 6.1 Policy : SG funding requirement to have a public commitment to the project in the terms noted within the paper
- 6.2 Financial : This funding will provide significant investment in Rothesay
- 6.3 Legal : None

- 6.4 HR : Funding will support the implementation of the Hybrid and Flexible Working Policy
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities - protected characteristics
 - 6.5.2 Socio-economic Duty
 - 6.5.3 Islands
- 6.6 Climate Change : the works undertaken will take cognisance of net zero best practice
- 6.7 Risk: without this funding the implementation of the OMW programme in Rothesay would not be delivered until available budget was identified in the Capital Plan
- 6.8 Customer Service : the completion of the works in Victoria St will provide easier access to Public Services within a High Street location

Douglas Hendry

Executive Director with responsibility for Commercial Services

Policy Lead Cllr Gary Mulvaney

08 December 2022

For further information contact:

Ross McLaughlin, Head of Commercial Services

Shirley Johnstone, Change Manager

APPENDICES

Appendix 1 – Financial Summary – Publically restricted due to commercial / contractual nature

Appendix 2 – Proposed Floor Plans for Union St and Victoria St Offices

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of Schedule 7A of the Local Government(Scotland) Act 1973

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Appendix 2 – Proposed Floor Plans for Union St and Victoria St Offices

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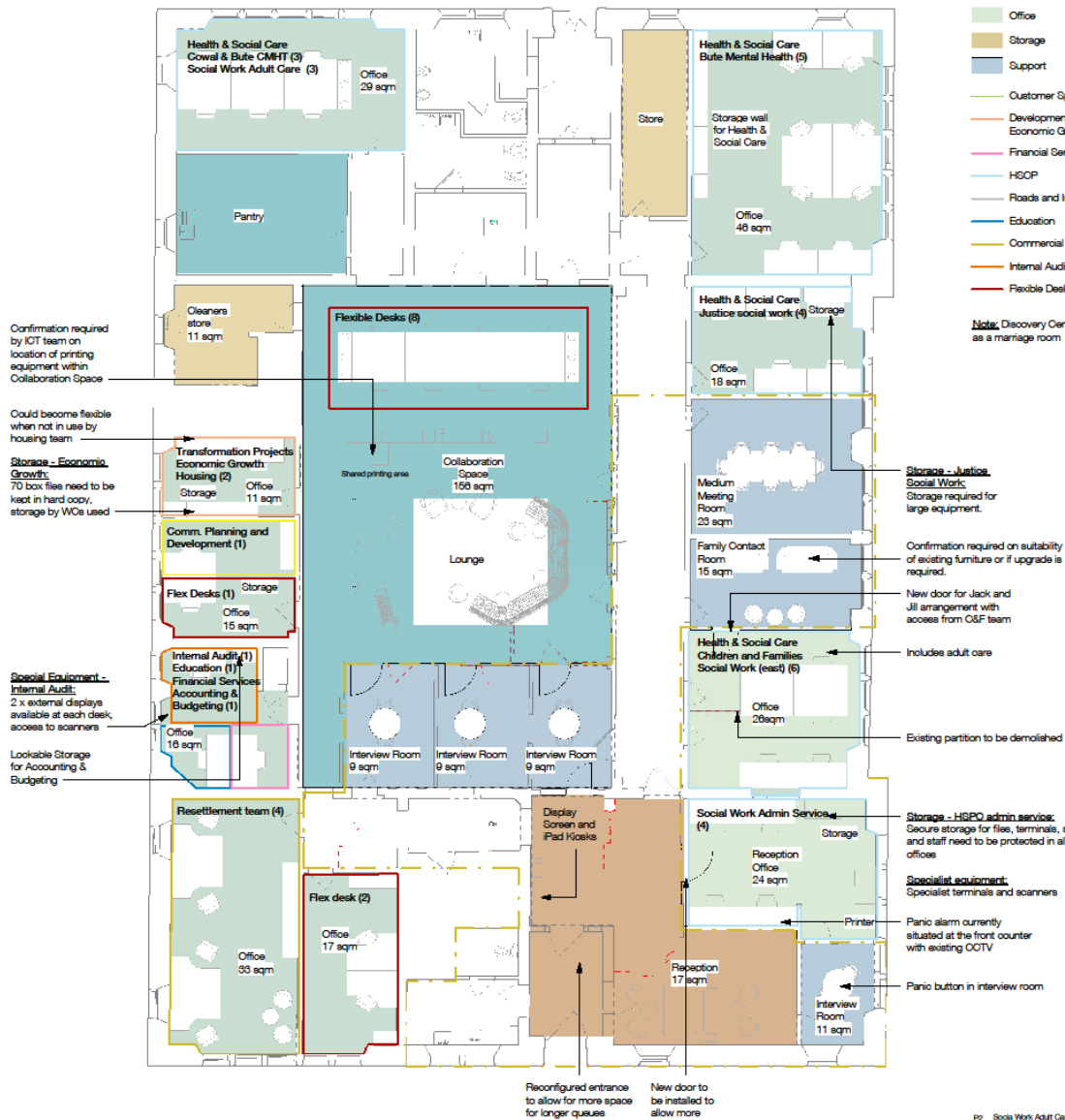


Note: excludes new storage solution. Final storage requirements to be confirmed by client.

Departments

- Collaboration
- Front of House
- Meeting
- Office
- Storage
- Support
- Customer Support
- Development and Economic Growth
- Financial Services
- HSOP
- Roads and Infrastructure
- Education
- Commercial Services
- Internal Audit
- Flexible Desks

Note: Discovery Centre or Vitoria Street (former bank) proposed as a marriage room



Confirmation required by ICT team on location of printing equipment within Collaboration Space

Could become flexible when not in use by housing team

Storage - Economic Growth: 70 box files need to be kept in hard copy, storage by WCs used

Special Equipment - Internal Audit: 2 x external displays available at each desk, access to scanners

Lockable Storage for Accounting & Budgeting

Storage - Justice Social Work: Storage required for large equipment

Confirmation required on suitability of existing furniture or if upgrade is required

New door for Jack and Jill arrangement with access from CS&F team

Includes adult care

Existing partition to be demolished

Storage - HSOP admin services: Secure storage for files, terminals, safes and staff need to be protected in all offices

Specialist equipment: Specialist terminals and scanners

Panic alarm currently situated at the front counter with existing CCTV

Panic button in interview room

Reconfigured entrance to allow for more space for longer queue

New door to be installed to allow more privacy

P2	Social Work Adult Care team space identified	GFR	CMA	10/03/22
P1	First issue	EP	GFR	17/12/21

Rev	Description	Drawn	Checked	Date
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Suitability For Information

Project
 Argyll and Bute Council
 Our Modern Workspace
 Various

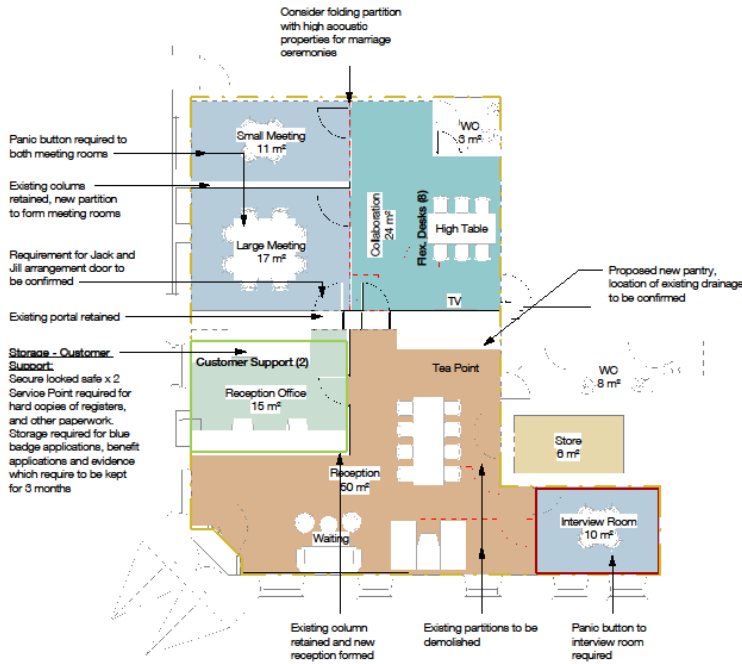
Drawing
 GA Plans - Rothesay - Union Street - 00

Drawing Number	Project ID	Originator	Zone	Level	Type	Role	Number
OMV	-	RYD	RU	00	-	DR	A - 3012

Project Number	Scale at A2	Status	Revision
10654-00	1 : 100	G2	P2

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Note: excludes new storage solution. Final storage requirements to be confirmed by client.

- Departments**
- Collaboration
 - Front of House
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 - Development and Economic Growth
 - Financial Genioves
 - HSCP
 - Roads and Infrastructure
 - Education
 - Commercial Genioves
 - Internal Audit
 - Flexible Deeks

Dr. / Revision	By	Check	Date

For Information
 Argyll and Bute Council
 Our Modern Workspace
 Various
 Drawing
 GA Plans - Rothesay - Victoria Street - 00

Drawing Number	Project ID	Origin	Zone	Level	Type	Risk Number
OMW	- RVD-RV - 00	- DR	- A	- 3013		
10654.00		1	100	S2		P1

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