

Public Document Pack

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



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15 February 2024

NOTICE OF MEETING

A meeting of **ARGYLL AND BUTE COUNCIL** will be held **ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS** on **THURSDAY, 22 FEBRUARY 2024 at 10:30 AM**, or at the conclusion of the Special meeting of Argyll and Bute Council at 10.00am on the same date, whichever is the later, 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 - 14)

Argyll and Bute Council held on 23 November 2023

4. MINUTES OF COMMITTEES

(a) Environment, Development and Infrastructure Committee held on 30 November 2023 (Pages 15 - 20)

* (b) Policy and Resources Committee held on 7 December 2023 (Pages 21 - 26)

(c) Community Services Committee held on 14 December 2023 (Pages 27 - 32)

* (d) Policy and Resources Committee held on 15 February 2024 (Pages 33 - 40)

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

5. BUDGETING PACK 2024/25

Reports by Section 95 Officer

Please note that the Budget Pack 2024-2025 relative to the consideration of the foregoing matters has been published separately under a meeting entitled "Budget

Pack”, please ensure that you have downloaded this to your iPad before coming to the meeting.

The budget pack will stand alone and will be published here separately from the Policy and Resources Committee and Council agendas. This will enable the same pack to be accessed at all meetings.

Accessing the Budget Pack from your iPad –

To access this years’ Budgeting Pack 2024/25 Members should log into the Modern.Gov App on their iPad and tap the cog symbol on the top right hand side of the screen. In the next screen, tap the “Select Committees of Interest” option, scroll down until you find the Budget Pack. Tap on this line and a tick should appear opposite the Budget Pack to show that you have made your selection. Click “OK” at the bottom right hand side of the screen. This should now appear on your list of Committees.

6. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY (Pages 41 - 98)

Report by Section 95 Officer

7. ANNUAL ACCOUNTS 2022-23 UPDATE (Pages 99 - 102)

Report by Section 95 Officer

8. POLITICAL MANAGEMENT ARRANGEMENTS (Pages 103 - 112)

Report by Executive Director with responsibility for Legal and Regulatory Support

9. APPOINTMENT OF INDEPENDENT AUDIT AND SCRUTINY CHAIRPERSON (Pages 113 - 114)

Report by Executive Director with responsibility for Legal and Regulatory Support

10. DEMOCRACY MATTERS 2 - CONSULTATION RESPONSE (Pages 115 - 134)

Report by Executive Director with responsibility for Legal and Regulatory Support

11. PROPOSED LOCAL DEVELOPMENT PLAN 2 SCOTTISH GOVERNMENT DIRECTION (Pages 135 - 142)

Report by Executive Director with responsibility for Development and Economic Growth

12. HOUSING EMERGENCY WORKER ACCOMMODATION PROPOSALS (Pages 143 - 152)

Report by Executive Director with responsibility for Development and Economic Growth

REPORTS FOR NOTING

13. COUNCIL ANNUAL REPORT 2022/2023 (Pages 153 - 228)

Report by Chief Executive

14. SCOTTISH GOVERNMENT CALL FOR NEW NATIONAL PARK NOMINATIONS (Pages 229 - 238)

Report by Executive Director with responsibility for Development and Economic Growth

Argyll and Bute Council

Councillor John Armour
Councillor Jan Brown
Councillor Garret Corner
Councillor Robin Currie
Councillor Kieron Green
Councillor Daniel Hampsey
Councillor Fiona Howard
Councillor Mark Irvine
Councillor Paul Donald Kennedy
Councillor Reeni Kennedy-Boyle
Councillor Luna Martin
Councillor Ian MacQuire
Councillor Dougie McFadzean
Councillor Yvonne McNeilly
Councillor Gary Mulvaney
Councillor Gemma Penfold
Councillor Alastair Redman
Councillor Peter Wallace

Councillor Gordon Blair
Councillor Math Campbell-Sturgess
Councillor Maurice Corry (Chair)
Councillor Audrey Forrest
Councillor Amanda Hampsey
Councillor Graham Hardie
Councillor Willie Hume
Councillor Andrew Kain
Councillor Jennifer Kelly
Councillor Jim Lynch
Councillor Tommy MacPherson
Councillor Liz McCabe
Councillor Julie McKenzie
Councillor Ross Moreland
Councillor Iain Paterson
Councillor Dougie Philand
Councillor William Sinclair
Councillor Andrew Vennard

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MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS on THURSDAY, 23 NOVEMBER 2023

Present: Councillor Maurice Corry (Chair)

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

Attending: Pippa Milne, Chief Executive
 Douglas Hendry, Executive Director
 Kirsty Flanagan, Executive Director
 Fiona Davies, Chief Officer, Health and Social Care Partnership
 David Logan, Head of Legal and Regulatory Support
 Fergus Murray, Head of Development and Economic Growth
 Anne Blue, Head of Financial Services
 Shona Barton, Governance Manager
 Matt Mulderrig, Development Policy and Housing Manager
 Fergus Walker, Revenues and Benefits Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated on behalf of Councillors Julie McKenzie, Gary Mulvaney and Iain Shonny Paterson.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minute of the meeting of Argyll and Bute Council, held on 28 September 2023 was approved as a correct record.

4. MINUTES OF COMMITTEES

(a) Policy and Resources Committee held on 12 October 2023

The Minute of the meeting of the Policy and Resources Committee, held on 12 October 2023 was noted.

Arising from item 4 of this Minute (Financial Reports Monitoring Pack – 31 August 2023) the Council approved the revenue virements over £0.200m during July and August.

Arising from item 5 of this Minute (Budget Outlook 2024-25 to 2028-29) the Council agreed that the budget for winter maintenance was right sized by utilising £0.326m of the £1.4m contingency that was set aside for inflationary increases as part of the 2023-24 budget setting process.

5. LEADER'S REPORT

The Council gave consideration to a report providing an update on the activities of the Council Leader, Councillor Robin Currie for the period 8 September to 10 November 2023. The report also included notes on activities relating to the Leader's Policy Lead portfolio of Strategic Development.

The Leader noted the recent announcement by the Chancellor of the Exchequer in his Autumn Statement that there would be £80 million of Levelling Up Funding allocated to 4 Local Authority Areas in Scotland. He further advised that confirmation has now been received that Argyll and Bute will be one of the areas to benefit from this funding allocation.

Decision

The Council –

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

(Reference: Report by Leader of the Council, dated 10 November 2023, submitted)

6. POLICY LEADS REPORT

The Council gave consideration to a report providing an update on key areas of activity for each Policy Lead Councillor for the period 28 September to 10 November 2023. The report aimed to provide updates from all Policy Leads to ensure that all members were informed, up to date and able to engage with current issues.

Decision

The Council agreed to note the content of the report.

(Reference: Report by Policy Lead Councillors dated 10 November 2023, submitted)

7. WARD 1 SOUTH KINTYRE BY-ELECTION RESULT

The Council gave consideration to a report advising of the results of the Ward 1 – South Kintyre By-election held on 2 November 2023.

Decision

The Council noted the election of Jennifer Mary Kelly as Councillor in Ward 1 – South Kintyre at the by-election held on 2 November 2023.

(Reference: Report by Returning Officer dated 3 November 2023, submitted)

8. POLITICAL MANAGEMENT ARRANGEMENTS

The Council gave consideration to a report which outlined a number of vacancies on committees and other organisations and included an update on the Political Composition of the Council following the By-election in Ward 1, South Kintyre, which took place on 2 November 2023.

The Executive Director with responsibility for Legal and Regulatory Support noted that the Political Composition of the Council included at Appendix 1 should reflect that Councillor Dougie Philand was now the only member of Argyll First and as such the reference to him being Leader of that Group should be removed.

Motion

The Council:

1. Appoints Councillor Graham Hardie to the vacant position on the Environment, Development and Infrastructure Committee.
2. Appoints Councillor William Sinclair as one of the council's representatives on the A83 Taskforce.
3. Agrees that Councillor Fiona Howard will replace Councillor Ian MacQuire on the Argyll and Bute Harbour Board.
4. Notes that Councillor Jennifer Kelly will become a Trustee for the Campbeltown Common Good Fund and the Kintyre Education Trust.
5. Notes the updated Political Composition of the Council.

Moved by Councillor Robin Currie, seconded by Councillor Yvonne McNeilly.

Amendment

The Council:

1. Appoints Councillor Jennifer Kelly to the vacant position on the Environment, Development and Infrastructure Committee.

2. Appoints Councillor John Armour as one of the council's representatives on the A83 Taskforce.
3. Agrees that Cllr Fiona Howard will replace Councillor Ian MacQuire on the Argyll and Bute Harbour Board.
4. Notes that Councillor Jennifer Kelly will become a Trustee for the Campbeltown Common Good Fund and the Kintyre Education Trust.
5. Notes the updated Political Composition of the Council.

Moved by Councillor Jim Lynch, seconded by Councillor John Armour.

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

Motion

Councillor Garret Corner
Councillor Maurice Corry
Councillor Robin Currie
Councillor Kieron Green
Councillor Amanda Hampsey
Councillor Daniel Hampsey
Councillor Graham Hardie
Councillor Andrew Kain
Councillor Paul Donald Kennedy
Councillor Liz McCabe
Councillor Yvonne McNeilly
Councillor Ross Moreland
Councillor Gemma Penfold
Councillor Alastair Redman
Councillor William Sinclair
Councillor Andrew Vennard
Councillor Peter Wallace

Amendment

Councillor John Armour
Councillor Gordon Blair
Councillor Jan Brown
Councillor Math Campbell-Sturgess
Councillor Audrey Forrest
Councillor Fiona Howard
Councillor Willie Hume
Councillor Mark Irvine
Councillor Jennifer Kelly
Councillor Reeni Kennedy-Boyle
Councillor Jim Lynch
Councillor Luna Martin
Councillor Ian MacQuire
Councillor Dougie McFadzean
Councillor Dougie Philand

No Vote

Councillor Tommy McPherson

Decision

The Motion was carried by 17 votes to 15 and the Council resolved accordingly.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 6 November 2023, submitted)

9. DRAFT PROGRAMME OF MEETINGS 2024-25

The Council's Standing Orders for meetings require the Council to approve a Programme of Meetings for the Council and its Committees every year. The Council gave consideration to a draft programme of meetings for the year 2024-25 based on the current committee cycle.

Decision

The Council approved the draft Programme of Meetings for the year 2024-25.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 15 November 2023, submitted)

10. REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2023/24

Having noted that the Representation of the People Act 1983 and the Electoral Registration and Administration Act 2013 requires Argyll and Bute Council to undertake a review, between the dates of 2 October 2023 and 28 January 2025, of polling districts and polling places within the Argyll and Bute area for the purposes of the UK Parliamentary, Scottish Government and Local Government elections, the Council gave consideration to a report which provided information on the work carried out to date in this regard.

Decision

The Council –

1. noted that polling districts and polling places will continue to be reviewed on an on-going basis by the Returning Officer to whom authority has already been delegated to make alterations in response to changing circumstances;
2. noted that under the provisions of the Electoral Registration and Administration Act 2013 a further formal review of polling districts and polling places will require to be carried out by the end of January 2030 and on a 5 yearly basis thereafter;
3. approved the Scheme of Polling Districts and Polling Places detailed in appendix 1 of the report; and
4. noted the representations received during the consultation period, as detailed in appendix 2 of the report, together with the Returning Officer comments thereon.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated November 2023, submitted)

11. POLICY FOR EMPTY PROPERTY RELIEF FOR NON-DOMESTIC RATES

Consideration was given to a report which provided an update on progress being made with regard to a new Empty Property Relief Policy on Non-Domestic Rates. It was noted that the purpose of this is to incentivise the owners of empty business premises in Argyll and Bute to do all that they can to bring the property back into use.

Decision

The Council –

1. approved Option A, Empty Property Relief provisions as outlined in paragraph 3.19 of the report;
2. agreed the creation of an Empty Property Officer post for a period of 2 years as outlined in paragraph 3.21 of the report; and
3. agreed that the remaining Empty Property Relief funding is used towards a Business Grant Scheme with officers to bring forward the detail to the Environment, Development and Infrastructure Committee meeting in March 2024 for approval.

(Reference: Report by Executive Director with responsibility for Financial Services, dated 25 October 2023, submitted)

12. CHARGING OF DOUBLE COUNCIL TAX ON SECOND HOMES

The Council gave consideration to a report which outlined the Scottish Government consultation on Council Tax charges for Second Homes and Long-Term Empty properties, which ran from 17 April to 11 July 2023. The report provided information on the review of the consultation results and the proposed changes for consideration by Leaders and Ministers.

Decision

The Council –

1. agreed to implement the double charge, 100% Council Tax premium on second homes from 1 April 2024 should the legislation granting those powers be passed; and
2. agreed that £0.020m of one-off costs are funded from existing earmarkings within the Service that are no longer required and recurring costs of £0.098m for staffing and system maintenance associated with the implementation of this charge be funded from the additional income recovered in excess of the £4m already built into the Budget Outlook.

(Reference: Report by Executive Director with responsibility for Financial Services, dated 25 October 2023, submitted)

13. ROYAL NATIONAL MOD - OBAN FUNDING REQUEST

Having noted that the Royal National Mod (RNM) will take place from 11 – 19 October 2024 in Oban and the significant economic impact expected for Oban as a result, the Council gave consideration to a report which outlined the requests for additional funding from both Live Argyll and An Comunn Gaidhealach (An Commun).

Decision

The Council –

1. agreed a financial resource of up to £25,000 to Live Argyll to provide staffing for the use of the Corran Halls for the duration of the RNM to be funded from the unallocated general fund; and

2. agreed the additional funding request of up to a maximum of £20,000 to An Commun to be funded from the unallocated general fund.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth, dated October 2023, submitted)

14. STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2024/25 TO 2028/29

Consideration was given to a report which provided details of the annual Strategic Housing Investment Plan (SHIP) covering the period 2024/25 – 2028/29 and summarised the proposals for the revised SHIP, in line with statutory requirements and the latest guidance.

Decision

The Council approved the Strategic Housing Improvement Plan for 2024/25 – 2028/29, and noted that this will be submitted to the Scottish Government as the Council's approved Strategic Housing Improvement Plan document.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth, dated November 2023, submitted)

15. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council gave consideration to the following Notice of Motion under Standing Order 13 that had been submitted by Councillor Audrey Forrest, and seconded by Councillor Dougie McFadzean –

The UNCRC is an international treaty made up of 54 articles that aims to articulate the 'civil, political, economic, social and cultural rights that all children everywhere are entitled to', as well as the steps that governments must take to secure these rights.

The UK ratified the UNCRC in 1991, and legislation has been enacted by the Scottish Parliament which will see these rights enshrined in Scots Law.

The Council, as a body, who has responsibilities for children and young people should act consistently with the UNCRC, and as a forward thinking body, reaffirms its aspiration and responsibility to continue to try to 'Get It Right For Every Child' in all aspects of its business. It acknowledges that it is not only in Education that Children's Rights are important but that all parts of the Council business can impact on our children and young people and that they should be considered in all decision making processes.

Therefore, Council agrees to add 'The Rights of The Child' as a field to be completed to the Implications section at the end of all Council and Committee reports.

Decision

The Council agreed the terms of the Motion.

(Reference: Notice of Motion under Standing Order 13 by Councillor Audrey Forrest, seconded by Councillor Dougie McFadzean, submitted)

16. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council gave consideration to the following Notice of Motion under Standing Order 13 that had been submitted by Councillor Jim Lynch, and seconded by Councillor Robin Currie –

It is almost a decade since Scotland's last appearance in golf's prestigious Ryder Cup tournament. This year, though, a young golfer from Oban gave the traditional home of golf an opportunity to be part of it and to celebrate again as he played his part in Team's Europe's Ryder Cup victory.

Robert MacIntyre is undoubtedly one of golf's most amazing young talents on an international level and is certainly one of the finest players that Scotland has seen in many years. At the age of 27, his list of sporting achievements is considerable and inspirational. Despite his amazing success, his commitment and attachment to his home town of Oban remains as strong and enthusiastic as it was when he first started his golf career at Glencruitten Golf Club, where he is still a member.

He is a tremendous ambassador for Scotland and for Oban in particular, and the town is especially – and rightly - proud of its famous sporting son.

In recognition of his sporting success, and his commitment to his local community of Oban, Council is asked to consider awarding the Freedom of Argyll and Bute to Robert MacIntyre and, if so minded, to request that the Executive Director with responsibility for Legal and Regulatory Support makes the necessary arrangements in this regard.

Decision

The Council agreed the terms of the Motion.

(Reference: Notice of Motion under Standing Order 13 by Councillor Jim Lynch, seconded by Councillor Robin Currie, submitted)

17. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council gave consideration to the following Notice of Motion under Standing Order 13 that had been submitted by Councillor Gordon Blair, and seconded by Councillor Mark Irvine.

Motion

Argyll and Bute Council, already home to refugees from across the world, calls on the UK Government to fully support a cease fire in Gaza and support the immediate establishment of a humanitarian corridor for the displaced and the distribution of essential supplies of food and life-saving medication.

The people of Argyll and Bute will continue to support refugees in our communities in a caring, peaceful, just and fair society.

Amendment

Argyll and Bute Council are dismayed to see the situation in the Middle East and call on the International Community to continue to engage in constructive dialogue to reach a solution to this fast moving situation as quickly as possible.

Argyll and Bute Council continue to support refugees in our communities through the Refugee Resettlement Programme and welcome the multi-agency partnership approach to integration support across the authority to ensure they are enabled to fully participate in community life.

Moved by Councillor Andrew Kain, seconded by Councillor Yvonne McNeilly.

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

Motion

Councillor John Armour
Councillor Gordon Blair
Councillor Jan Brown
Councillor Math Campbell-Sturgess
Councillor Audrey Forrest
Councillor Fiona Howard
Councillor Willie Hume
Councillor Mark Irvine
Councillor Jennifer Kelly
Councillor Reeni Kennedy-Boyle
Councillor Jim Lynch
Councillor Luna Martin
Councillor Ian MacQuire
Councillor Dougie McFadzean
Councillor Dougie Philand

Amendment

Councillor Garret Corner
Councillor Maurice Corry
Councillor Robin Currie
Councillor Kieron Green
Councillor Amanda Hampsey
Councillor Daniel Hampsey
Councillor Graham Hardie
Councillor Andrew Kain
Councillor Paul Donald Kennedy
Councillor Liz McCabe
Councillor Yvonne McNeilly
Councillor Ross Moreland
Councillor Gemma Penfold
Councillor Alastair Redman
Councillor William Sinclair
Councillor Andrew Vennard
Councillor Peter Wallace

No Vote

Councillor Tommy McPherson

Decision

The Amendment was carried by 17 votes to 15 and the Council resolved accordingly.

(Reference: Notice of Motion under Standing Order 13 by Councillor Gordon Blair, seconded by Councillor Mark Irvine, submitted)

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

18. COUNCIL CONSIDERATION OF ABSENCE

The Council gave consideration to a report seeking approval of an ongoing absence from Council business of an elected member for a period up to 29 June 2024.

Decision

The Council approved the absence from Council business of an elected member until 29 June 2024, or until their return to business, whichever is the earlier.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory support dated 6 October 2023, submitted)

**MINUTES of MEETING of ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE
COMMITTEE held ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD AND BY MICROSOFT TEAMS
on THURSDAY, 30 NOVEMBER 2023**

Present: Councillor Robin Currie (Chair)

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

Also Present: Councillor Paul Kennedy

Attending: Kirsty Flanagan, Executive Director
Fergus Murray, Head of Development and Economic Growth
Jim Smith, Head of Roads and Infrastructure Services
Stuart McLean, Committee Manager
Matt Mulderrig, Development Policy and Housing Manager

The Chair welcomed Councillor Graham Hardie to his first meeting of the Committee following his appointment at the Council meeting on 23 November 2023.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mark Irvine.

2. DECLARATIONS OF INTEREST

In relation to item 6 of the agenda (Helensburgh Wooden Pier - Update) Councillor Ian MacQuire noted a connection due to his membership on the Helensburgh Seafront Development Trust (HSDT), he advised that as the Group was currently dissolving he would remain in the meeting during the consideration of this item of Business.

3. MINUTES

The Minutes of the meeting of the Environment, Development and Infrastructure Committee held on 31 August 2023 were approved as a correct record.

4. LATEST UPDATE ON THE SETTLEMENT PROJECT SUPPORT OFFICER ACTIONS

The Committee gave consideration to a report providing an update on the progress of the Settlement Project Support Officer actions that had been approved by the Committee at their meeting on 31 August 2023.

Decision

The Environment, Development and Infrastructure Committee noted –

1. the progress on the actions agreed by the Environment, Development and Infrastructure Committee on 31 August 2023; and
2. that a further update would be provided on the work of the Settlement Project Support Officer at the next Environment, Development and Infrastructure Committee.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated November 2023, submitted)

Councillor Luna Martin joined the meeting during the consideration of the following item of Business.

5. ARGYLL AND BUTE HOUSING EMERGENCY

(a) Progress Report

The Committee gave consideration to a report providing an update on progress towards intentions agreed by the Committee in June 2023 in response to the Housing Emergency in Argyll and Bute.

Decision

The Environment, Development and Infrastructure Committee noted the activity and progress that was ongoing in pursuing the intentions agreed by the Committee in June 2023 which sought to address the Housing Emergency.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated October 2023, submitted)

(b) Project Officer Resource

The Committee gave consideration to a report proposing the allocation of a Project Officer to accelerate the progress of the interventions agreed by the Committee in June 2023 to address the Housing Emergency in Argyll and Bute.

Decision

The Environment, Development and Infrastructure Committee agreed to recommend to the Policy and Resources Committee that the Council recruit a Project Officer to assist in accelerating the work to address the Housing Emergency, with funding for the post being drawn from the Council's Priorities Investment Fund.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated October 2023, submitted)

6. HELENSBURGH WOODEN PIER - UPDATE

The Committee gave consideration to a report providing an update following the decision to remove Helensburgh Wooden Pier from the project options within the Rural Growth Deal Tourism and Place Programme.

Decision

The Environment, Development and Infrastructure Committee –

1. accepted the Consultants findings, particularly that a berthing facility at Helensburgh Pier could not be operated on a revenue neutral basis, particularly where long-term capital replacement costs were accounted for, and that officers would no longer devote resources to pursuing a Council funded berthing facility; and
2. agreed that the Head of Development and Economic Growth would engage with Helensburgh Community Council and any other appropriate community group(s) who may express a wish to pursue options, including a potential asset transfer of Helensburgh Wooden Pier.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated November 2023, submitted)

Councillor Andrew Vennard joined the meeting during the consideration of the following item of Business.

7. WASTE UPDATE

The Committee gave consideration to a report providing an update on a number of waste related matters including meetings with the Scottish Environment Protection agency (SEPA) on 4 October 2023, and with Scottish Government officials on 6 October 2023 in respect of the Waste PPP contract.

Decision

The Environment, Development and Infrastructure Committee noted –

1. the update regarding meetings held with SEPA on the Waste PPP contract;
2. that officers would conclude conversations which were ongoing regarding the derogation and would bring a further report to the next meeting of the Committee for a decision on the way forward for the Council;
3. the update regarding Persistent Organic Pollutants and noted the date of implementation of compliance with SEPA mandatory guidance as 1 November 2023;
4. the bid to the Recycling Infrastructure Fund and officers' achievement in successfully securing funding for improvements;
5. the officer support offered by Zero Waste Scotland; and
6. the detail provided in the report regarding the Circular Economy Bill.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated November 2023, submitted)

8. CEMETERY ASSET - ANNUAL REPORT

The Committee gave consideration to a report providing an annual update on the current Argyll and Bute “active” cemetery estate – number of lairs for sale and operational timescales within the Cemetery Development programme.

Decision

The Environment, Development and Infrastructure Committee noted the content of the submitted report.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated November 2023, submitted)

9. PLAY PARK FUNDING - UPDATE REPORT NO 3

The Scottish Government had allocated £938k for Play Park Funding to Argyll and Bute Council for investment in play park equipment through to 2025/26. The Committee gave consideration to a report providing an update on the engagement process covering local Elected Members, Community Councils, Education and disability forums.

Decision

The Environment, Development and Infrastructure Committee –

1. endorsed the Area Committee priorities for each play park in their area and the allocation of funding as per paragraph 1.6 of the submitted report;
2. noted the updates regarding the Tarbet Play park and the partnership approach to Port Ellen play park in Islay; and
3. noted the updated timelines.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated November 2023, submitted)

10. OCTOBER 2023 WEATHER EVENT - UPDATE

The Committee gave consideration to a report summarising the rain event that caused significant travel disruption and damage during the weekend of 7 October 2023. The report also summarised the extent of works that had been carried out to repair the damage and considered what the next steps should be in relation to investment to enable climate change adaptations to be made.

Decision

The Environment, Development and Infrastructure noted the content of the submitted report.

(Reference: Report by Executive Director with responsibility for Roads and Infrastructure Services dated November 2023, submitted)

**11. ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE COMMITTEE
WORK PLAN**

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

Decision

The Environment, Development and Infrastructure Committee noted the content of the work plan.

(Reference: Environment, Development and Infrastructure Committee work plan as at November 2023, submitted)

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MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held ON A HYBRID BASIS IN THE COUNCIL CHAMBER AND BY MICROSOFT TEAMS on THURSDAY, 7 DECEMBER 2023

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 Dougie Philand
Councillor Reeni Kennedy-Boyle	Councillor Alastair Redman

Also Present: Councillor Maurice Corry

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Kirsty Flanagan, Executive Director
Anne Blue, Head of Financial Services
Fergus Murray, Head of Development and Economic Growth
Shona Barton, Governance Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Audrey Forrest and Andrew Kain.

2. DECLARATIONS OF INTEREST

Councillor Dougie Philand declared a non-financial interest in item 8 of the agenda (Conservation Area Regeneration Scheme (CARS) Projects: 2-4 and 6-10 Argyll Street, Lochgilphead) due to him having relatives in the building industry and possible tenderers for the works to be carried out in relation to this project. He advised that he would leave the room during the consideration of this item of business.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 12 October 2023 were approved as a correct record.

*** 4. FINANCIAL REPORTS MONITORING PACK - 31 OCTOBER 2023**

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of October 2023. There were five detailed reports setting out the position as at 31 October 2023 which included the Revenue Budget Monitoring Report; Monitoring of Financial Risks; Capital Plan Monitoring Report; Treasury Monitoring Report and Reserves and Balances.

Decision

The Policy and Resources Committee –

1. noted the revenue budget monitoring report as at 31 October 2023;
2. noted the financial risks for 2023-24;
3. noted the capital plan monitoring report as at 31 October 2023 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 October 2023;
5. noted the reserves and balances report as at 31 October 2023; and
6. agreed to recommend to Council that the revenue virements over £0.200m during September and October 2023 are approved.

(Reference: Report by Section 95 Officer dated 3 November 2023, submitted)

* 5. **BUDGET OUTLOOK 2024-25 TO 2028-29**

The Committee gave consideration to a report providing an update to the budget outlook covering the period 2024-25 to 2028-29, previously reported to the Policy and Resources Committee on 12 October 2023.

Decision

The Policy and Resources Committee –

1. noted the current estimated budget outlook position for the period 2024-25 to 2028-29;
2. agreed to recommend to Council that the utilities budgets are right sized by utilising £0.936m of the £1.4m contingency that was set aside for inflationary increases as part of the 2023-24 budget setting process;
3. agreed to recommend to Council that the shortfall in the teachers pay award funding is met by utilising £0.080m of the £1.4m contingency that was set aside for inflationary increases as part of the 2023-24 budget setting process; and
4. noted that Argyll and Bute Council were selected as a Scottish Local Authority for a Levelling Up Partnership (LUP) with the UK Government and will therefore receive up to £20 million to address specific local challenges and opportunities.

(Reference: Report by Section 95 Officer dated 7 November 2023, submitted)

Councillor Amanda Hampsey left the meeting during the consideration of the following item of Business.

6. **BUDGET UPDATE REPORT**

The Committee gave consideration to a report providing an update on the budget setting process for 2024/25.

Decision

The Policy and Resources Committee –

1. noted the budget update report;
2. noted that the items outlined in the report would feature in the Budget Pack in February 2024; and
3. noted that options in relation to the funding of LEIP would be brought to a future meeting of the Council.

(Reference: Report by Section 95 Officer dated 10 November 2023, submitted)

* **7. 2024/2025 ANNUAL REVIEW - PROCUREMENT STRATEGY 2022/25 AND SUSTAINABLE PROCUREMENT POLICY 2022/25**

The Committee gave consideration to a report which sought approval of revisions to the Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25 following the annual review of both documents.

Decision

The Policy and Resources Committee –

1. noted the minor changes to the Procurement Strategy 2022/2025 and Sustainable Procurement Policy 2022/2025; and
2. approved the final revised Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25, to go on to the Full Council in February 2024.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support dated 7 November 2023, submitted)

Councillor Dougie Philand, having declared an interest in the following item of Business, left the meeting and took no part in the consideration of this item.

8. CONSERVATION AREA REGENERATION SCHEME (CARS) PROJECTS - 2-4 AND 6-10 ARGYLL STREET, LOCHGILPHEAD

The Committee gave consideration to a report outlining the funding gap that existed in the final two priority buildings of the Lochgilphead Conservation Area Regeneration Scheme (CARS). The report requested the utilisation of an additional £137,271.46 grant funding from the Private Sector Housing Grant (PSHG) budget to cover the funding gap and facilitate these two key projects.

Decision

The Policy and Resources Committee approved the utilisation of Private Sector Housing Grant (PSHG) to award an additional £137,271.46 grant to the 2-4 Argyll Street and 6-10 Argyll Street Lochgilphead CARS projects, thus providing essential gap funding to facilitate the essential repair and conservation of these buildings.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated November 2023, submitted)

Councillor Dougie Philand re-joined the meeting at this point.

9. NATURE RESTORATION FUND - SPEND OPTIONS

The Committee gave consideration to a report recommending that the Council take forward a number of deliverable projects utilising the Nature Restoration Fund allocated by the Scottish Government.

Decision

The Policy and Resources Committee –

1. noted the remaining allocation of Nature Restoration Funding;
2. noted the suggestions received by Elected Members in Appendix 1 to the submitted report; and
3. agreed to the recommended projects as set out in Appendix 2 of the submitted report.

(Reference: Report by Executive Director with responsibility for Executive Director with responsibility for Development and Economic Growth and Roads and Infrastructure Services; and the Executive Director for Commercial Services dated December 2023, submitted)

10. SINGLE AUTHORITY MODEL UPDATE

The Committee gave consideration to a report providing an update on the progress that has been made in terms of exploring options for a Single Authority Model in Argyll and Bute and the engagement that has taken place with the Scottish Government and other key partners.

Decision

The Policy and Resources Committee –

1. noted that the Scottish Government have formally advised the Council that Ministers welcome their involvement in discussions on Single Authority Models;
2. noted the ongoing engagement and collaboration with key partners to develop suitable options, as set out at paragraphs 4.3 and 4.4 of the submitted report; and
3. noted that a further report will be prepared for the Policy and Resources Committee following the completion of work to articulate the benefits and key objectives associated with each option.

(Reference: Report by Chief Executive dated 16 November 2023, submitted)

11. 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 Workplan as at December 2023.

(Reference: Policy and Resources Committee Workplan dated December 2023, submitted)

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**MINUTES of MEETING of COMMUNITY SERVICES COMMITTEE held ON A HYBRID BASIS IN
THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS
on THURSDAY, 14 DECEMBER 2023**

Present: Councillor Yvonne McNeilly (Chair)

Councillor Gordon Blair	Councillor Paul Donald Kennedy
Councillor Math Campbell- Sturgess	Councillor Liz McCabe
Councillor Garret Corner	Councillor Dougie McFadzean
Councillor Audrey Forrest	Councillor Julie McKenzie
Councillor Amanda Hampsey	Councillor Gemma Penfold
Councillor Daniel Hampsey	Margaret Anderson
Councillor Graham Hardie	Lorna Stewart

Attending: Douglas Hendry, Executive Director
Jennifer Crocket, Head of Education: Wellbeing, Inclusion and Achievement
Wendy Brownlie, Head of Education: Performance and Improvement
Ross McLaughlin, Head of Commercial Services
Stuart McLean, Committee Manager
Graeme McMillan, Transformation Programme Manager
Fiona Davies, Chief Officer, Argyll & Bute Health & Social Care Partnership
Kristin Gillies, Head of Head of Strategic Planning, Performance and
Technology, Argyll & Bute Health & Social Care Partnership
Alex Edmonstone, Commercial Operations Manager, Live Argyll
Chief Superintendent Lynn Ratcliff, Police Scotland
Inspector Lee Page, Police Scotland
Chief Inspector Alan Dickson, Police Scotland
Group Commander Gregg McKearney, Scottish Fire and Rescue Service

The Chair ruled, and the Committee agreed, to vary the order of business and consider Agenda Item 13 (**ARGYLL & BUTE HEALTH & SOCIAL CARE PARTNERSHIP - PERFORMANCE REPORT - FQ1 2023/24**) after Agenda Item 3 (**MINUTE**) in order to facilitate the Officer attending another meeting.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Andrew Kain, Iain Shonny Paterson and Dougie Philand, and from Reverend Sandy MacPherson (Church Representative) and Dan Semple (Teacher Representative).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTE

The Minute of the Community Services Committee held on 24 August 2023 was approved as a correct record.

Councillor Math Campbell-Sturgess joined the meeting at this point.

4. ARGYLL & BUTE HEALTH & SOCIAL CARE PARTNERSHIP - PERFORMANCE REPORT - FQ1 2023/24

A report detailing performance for FQ1 (April – June) 2023/24 for Argyll & Bute Health & Social Care Partnership was considered.

Decision

The Committee considered and noted the IJB HSCP – FQ1 Performance Report 2023/24 (April – June).

(Reference: Report by Head of Strategic Planning, Performance and Technology, Argyll & Bute HSCP dated 14 December 2023, submitted)

Margaret Anderson (Church Representative) joined the meeting at this point.

5. SCHOOLS CONSULTATION (SCOTLAND) ACT 2010 - KILCHRENAN PRIMARY SCHOOL

A report providing details of a draft proposal for Kilchrenan Primary School formulated in accordance with the requirements of the Schools (Consultation) (Scotland) Act 2010, as amended (the 2010 Act), was considered.

Decision

The Committee agreed to adopt the draft proposal, as set out in Appendix A, as a “relevant proposal” that would now proceed to statutory consultation under the 2010 Act.

(Reference: Report by Executive Director with responsibility for Education dated 4 December 2023, submitted)

6. EDUCATION PERFORMANCE DATA ANALYSIS 2022-23

A report providing an overview of key performance data and outcomes for all pupils across Argyll and Bute’s ten secondary schools, including secondary attainment at Parklands School in Helensburgh, for session 2022-2023, using local authority data on attainment, as supplied by the Scottish Government’s Insight tool, was considered.

Decision

The Committee agreed to:

1. consider the information contained in the report;
2. commend the hard work and commitment of pupils and staff in securing these levels of attainment and achievement, and recognise the crucial role in such success played by parents and carers in partnership with our schools;
3. note the SQA directive that as a consequence of the different assessment arrangements in place each year over the period 2020-2023 as a result of Covid-19, meaningful comparison between 2023 results and results in other years in this period, specifically 2020 and 2021, was not possible; and

4. note that a further report would come to a future meeting of the Committee once final Insight data for session 2022-2023 was made available in the February 2024 Insight update.

(Reference: Report by Executive Director with responsibility for Education dated 14 December 2023, submitted)

7. ANNUAL PARTICIPATION MEASURE 2022-23

A report providing Members with information on the most recent Annual Participation Measure published in August 2023, covering the period April 2022 – March 2023, was considered.

Decision

The Committee agreed to:

1. note the publication of the 2022-2023 Annual Participation Measure; and
2. recognise the strong and improving performance of Argyll and Bute as a Council area in facilitating the participation of 16 – 19 year olds.

(Reference: Report by Executive Director with responsibility for Education dated 14 December 2023, submitted)

8. CARE EXPERIENCED CHILDREN AND YOUNG PEOPLE

A report providing the Committee with an update on actions being taken within the Education Service to support Care Experienced Children and Young People to achieve the best possible educational outcomes was considered.

The report also details the expenditure against the grant allocated by Scottish Government to Argyll and Bute for session 2022/23 from the Scottish Attainment Challenge Care Experienced Children and Young People Fund.

Decision

The Committee agreed:

1. to continue to endorse the work undertaken by Argyll and Bute Education Services as part of the Corporate Parenting Board to improve the educational attainment and life chances of Care Experienced Children and Young People;
2. to note that the spending plan for the grant allocated by Scottish Government to Argyll and Bute for session 2022/23 from the Scottish Attainment Challenge Care Experienced Children and Young People Fund had been produced and monitored by the Education Lead for Care Experienced Children and Young People, in consultation with key partners and specifically the Social Work Lead for Care Experience, the Chief Education Officer and Chief Social Worker;

3. the attainment funding for Care Experienced Children and Young People would support the continued input from the Care Experienced Education Team (Virtual Head Teacher and Health and Wellbeing Liaison Officers); and
4. that the Chief Education Officer would continue to provide updates on the improved outcomes for Care Experienced Children and Young People to the Corporate Parenting Board/Community Services Committee.

(Reference: Report by Executive Director with responsibility for Education dated 14 December 2023, submitted)

9. COUNSELLING IN SCHOOLS

A paper providing an update on the delivery and impact of the Counselling in Schools service from January – September 2023 when the service has been provided by The Therapeutic Counselling Service (The Exchange) was considered.

Decision

The Committee agreed:

1. to note the change in provision of the Counselling in Schools Service to The Therapeutic Counselling Service (The Exchange), the positive impact it has had on children and young people's wellbeing since its inception in January 2023, and support the ongoing commitment to deliver this service within all schools;
2. the continued need for support across the Health and Social Care Partnership and the Education Service to further embed this service within current processes, ensure a clear continuum of support and improve access for children and young people;
3. to note that a successful approach required joint working between Education establishments and the Counselling in Schools Service as partners in co-facilitation including the use of school spaces for young people to access their counselling sessions; and
4. the need to consider how best to ensure impact from the Counselling in Schools funding which had now been base lined in to the Council's financial settlement.

(Reference: Report by Executive Director with responsibility for Education dated 14 December 2023, submitted)

10. FEASIBILITY STUDY - CAMPBELTOWN EDUCATION ESTATE

At the Community Services Committee on 9 March 2023, it was agreed to request the Executive Director with responsibility for Education to prepare an initial report outlining the way forward and potential for a proposal in terms of the Schools (Consultation) (Scotland) Act 2010 which would allow for an initial business case to be formulated with a view to replacing the existing outdated Campbeltown primary schools of Dalintober and Castlehill, and that the completed report be presented to a meeting of the Community Services Committee.

An update report outlining the steps taken to fulfil this request was considered.

Decision

The Committee agreed:

1. to note the Campbeltown feasibility study that had been undertaken and acknowledge that this could be retained for review at a later date should funding become available; and
2. that at this time, the Council's Learning Estate Strategy has determined that Mull was the number one priority and therefore must take precedence for any funding.

(Reference: Report by Executive Director with responsibility for Commercial Services and Education dated 14 December 2023, submitted)

11. LIVE ARGYLL - MONITORING AND PERFORMANCE REPORT

A report providing the Community Services Committee with an update on the performance and monitoring arrangements between Live Argyll (LA) and the Council as set out in the various agreements between the Council and the Trust, was considered.

Decision

The Committee agreed to consider and note the contents of this report together with the Live Argyll Annual Report 2022/23 attached at Appendix 1.

(Reference: Report by Executive Director with responsibility for Commercial Services dated 23 November 2023 and Live Argyll Annual Report 2022/23, submitted)

12. POLICE SCOTLAND - ARGYLL & BUTE PERFORMANCE SUMMARY REPORT - REPORTING PERIOD: Q2 APRIL - SEPTEMBER 2023

Chief Superintendent Lynn Ratcliff presented the Argyll & Bute Performance Summary Report of Police Scotland's Policing Priorities for 2023-2026 for the reporting period July - September 2023 and responded to questions asked.

Decision

The Committee reviewed and noted the contents of the report.

(Reference: Report for Quarter 2 2023/24 by Divisional Commander for Argyll and Bute West Dunbartonshire Division, Police Scotland, submitted)

13. SCOTTISH FIRE AND RESCUE SERVICE - ARGYLL & BUTE PERFORMANCE REPORT Q2 - 1 JULY - 30 SEPTEMBER 2023

With the aid of power point slides, Commander Gregg McKearney presented a report highlighting Scottish fire and Rescue Service's review of local performance within Argyll and Bute for Q2 2023-2024 and responded to a number of questions asked.

Decision

The Committee reviewed and noted the contents of the report.

(Reference: Q2 2023-2024 Report by Local Senior Officer, Scottish Fire and Rescue Service, submitted)

14. EXTERNAL EDUCATION ESTABLISHMENT INSPECTION REPORT

A report providing details of all external establishment inspection reports received across Argyll and Bute Education Service during the period May to October 2023 was before the Committee for information.

Decision

The Committee noted:-

1. the contents of this report;
2. this quarterly report would be presented on an ongoing basis to the Community Services Committee detailing all establishment inspections conducted and published by Education Scotland within that period; and
3. that Ward Members would receive copies of school inspection reports for schools within their area as published by Education Scotland.

(Reference: Report by Executive Director with responsibility for Education dated October 2023, submitted)

15. COMMUNITY SERVICES COMMITTEE WORK PLAN 2023/2024

The Community Services Committee work plan for 2023-2024 was before the Committee for information.

Decision

The Committee noted the contents of the work plan.

(Reference: Community Services Committee Work Plan 2023-2024, submitted)

MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS on THURSDAY, 15 FEBRUARY 2024

Present: Councillor Robin Currie (Chair)

Councillor Gordon Blair	Councillor Liz McCabe
Councillor Audrey Forrest	Councillor Yvonne McNeilly
Councillor Kieron Green	Councillor Ross Moreland
Councillor Fiona Howard	Councillor Gary Mulvaney
Councillor Andrew Kain	Councillor Alastair Redman
Councillor Reeni Kennedy-Boyle	

Also Present: Councillor Jan Brown
Councillor Paul Kennedy
Councillor Graham Archibald Hardie
Councillor Tommy MacPherson
Councillor Jennifer Kelly
Councillor Peter Wallace

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Kirsty Flanagan, Executive Director
Anne Blue, Head of Financial Services
Fergus Murray, Head of Development and Economic Growth
Ross McLaughlin, Head of Commercial Services
Jane Fowler, Head of Customer and Support Services
Shona Barton, Governance Manager
Carolyn Cairns, HR and OD Manager
Matt Mulderrig, Development Policy and Housing Manager
Lorna Byrne, Revenue and Benefits Assistant

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Amanda Hampsey, Willie Hume, Jim Lynch and Dougie Philand.

2. DECLARATIONS OF INTEREST

Councillor Ross Moreland advised in relation to item 8 of the agenda (Strategic Events and Festivals Fund - Round 6 2024/2025) that he had been appointed to the group "Dunoon Presents" by the Council who had involvement in the funding request for "Doon the Water Revival Music Festival". Having taken note of the updated Standards Commission Guidance in relation to declarations (issued on 7 December 2021) with specific reference to section 5.4(c) he did not consider that he had a relevant connection and as such would remain in the meeting.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 7 December 2023 were approved as a correct record.

Councillor Gordon Blair joined the meeting during the consideration of the following item of business.

* **4. FINANCIAL REPORTS MONITORING PACK - 31 DECEMBER 2023**

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of December 2023. There were five detailed reports setting out the position as at 31 December 2023 which included the Revenue Budget Monitoring Report; Monitoring of Financial Risks; Capital Plan Monitoring Report, Treasury Monitoring Report and Reserves and Balances.

Decision

The Policy and Resources Committee –

1. noted the revenue budget monitoring report as at 31 December 2023;
2. noted the financial risks for 2023-24;
3. noted the capital plan monitoring report as at 31 December 2023 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 December 2023;
5. noted the reserves and balances report as at 31 December 2023; and
6. agreed to recommend to Council that the revenue virements over £0.200m during November and December 2023 were approved.

(Reference: Report by Section 95 Officer dated 12 January 2024, submitted)

* **5. BUDGETING PACK 2024-2025**

The Committee gave consideration to the full package of papers included in the budgeting packs in relation to the revenue and capital budgets for 2024-2025.

Decision

The Policy and Resources Committee agreed to refer consideration of the Budgeting Pack 2024-2025 to the Council meeting on 22 February 2024, without recommendation.

(Reference: Budgeting Pack 2024-2025 dated 15 February 2024, submitted)

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

The Committee gave consideration to a report presenting the draft Treasury Management Strategy and Annual Investment Strategy for approval. The report also set out the policy for the repayment of loans fund advances for 2024-25.

Decision

The Policy and Resources Committee agreed to refer to Council to -

1. approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within. Note that the figures within the Strategy will be updated to reflect the budget decisions agreed at Council;
2. approve the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;
3. approve the proposed asset repayment periods as detailed within section 2.7 of the Treasury Management Strategy Statement; and
4. approve the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by the Council's external treasury management advisors.

(Reference: Report by Section 95 Officer dated 24 January 2024, submitted)

* **7. SCOTTISH WELFARE FUND - FINANCIAL POSITION**

The Committee gave consideration to a report advising of the financial challenges faced by local authorities in managing the Scottish Welfare Fund, with rising costs and demand for support.

Decision

The Policy and Resources Committee –

1. agreed the continuation of Financial Services' commitment to uphold the existing High Priority status for Scottish Welfare Fund applications throughout the 2024/2025 period;
2. agreed to refer the consideration of a cost pressure amounting to £250,000 to the Council as part of the budget setting process to address the anticipated overspend;
3. noted that officers were not recommending a move to High Most Compelling (HMC) priority level due to the impact this will have on housing; and
4. agreed to making representations to lobby the Scottish Government for more funding to support the fund in future years or alternatively to amend the guidance to restrict spend in future.

(Reference: Report by Head of Financial Services dated 15 February 2024, submitted)

The Chair ruled and the Committee agreed to adjourn for a comfort break from 12.00pm to 12.10pm.

* **8. STRATEGIC EVENTS AND FESTIVALS FUND - ROUND 6 2024/2025**

The Committee gave consideration to a report providing an update on Round 6 of the Council's Strategic Events and Festivals Fund (SEF) for 2024/25. The report provided details of the applications submitted and recommendations regarding all applications put forward to receive grant funding. The report also sought agreement to allocate funding of £90,000 to allow a future round (Round 7) for 2025/26.

Decision

The Policy and Resources Committee –

1. agreed to the award of eligible SEF Round 6 grants amounting to £114,700 as detailed in Table 1 of the submitted report;
2. agreed that any SEF Round 6 grant offer only be formally issued upon confirmation from the individual event organisation that the event is formally confirmed as going ahead, any match funding is in place and the event still meets the SEF Round 6 criteria;
3. agreed to continue delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to existing grant requests to be made brought about as a consequence of changes to the event/event budget. Any amendment to a current grant request/offer would only be considered if the amendment related to either the same level or a reduction in the request and constitute up to 75% of legitimate and eligible expenditure. Similarly if there was a reduction in the final event costs that would result in delivery of a profit in excess of £10,000 (all of which has to be reinvested) to the organisation and that this was sustained over a 3 year period the final retention (10%) would not be paid on the third year of the grant;
4. agreed to recommend to the Council that as part of the budget in February 2024, that they agree £90,000 base funding for Strategic Events and Festivals in order that the application process can commence during 2025/26 (Round 7), and that this fund be augmented by any underspend in Round 5 (23/24);
5. agreed to recommend to Council that any underspend from SEF Round 6 is earmarked and used to augment a future SEF round.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 22 December 2023, submitted)

9. CROWN ESTATE 2023/24 ALLOCATION - UPDATE

The Committee gave consideration to a report advising of the remaining £590,409 of the Council's £1,590,409 allocation of Crown Estate Funding for 2023/24 still to be allocated. The report proposed that £130,662 was allocated from the £590,409 to top up the full Bellwin threshold amount of £528,662, which would leave £459,747 still to be allocated.

Decision

The Policy and Resources Committee –

1. noted the formal allocation of the £1million of Crown Estate funding for 2023/24 as approved under delegated powers and as detailed in Table 1 of the submitted report;
2. agreed to allocate a further £130,662 to make up the Bellwin threshold amount of £528,662;
3. agreed to allocate the remaining £459,747 as detailed in the submitted report at paragraph 4.7 and Table 2; and

4. agreed to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to approved Crown Estate grant allocations to ensure that any risk relating to having to payback any grant is minimised, noting that this could involve swapping Crown Estate allocations with Place Based Investment Programme (PBIP) allocations of grants against individual projects, but would not affect the projects identified but simply the grant source.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 11 January 2024, submitted)

10. OBAN AND HELENSBURGH STRATEGIC DEVELOPMENT FRAMEWORKS

The Committee gave consideration to a report outlining in brief some of the work that would be involved in producing Strategic Development Frameworks for Oban and Helensburgh, and why resources were required to drive forward these tasks at pace.

Decision

The Policy and Resources Committee noted the content of the submitted report and agreed to the resource request of £450,000 from the Council's Priorities Budget to assist in driving forward the Strategic Development Frameworks.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 17 January 2024, submitted)

11. ARGYLL AND BUTE - MOBILE COVERAGE MAPPING

The Committee gave consideration to a report which sought approval to utilise £25k from the Digital Exclusion Fund to enter a partnership project with Scottish Futures Trust.

Decision

The Policy and Resources Committee approved the provision of £25k funding from the Digital Exclusion Fund to enable the Council to match fund an equal contribution from our partner, Scottish Futures Trust, to undertake a Mobile Phone Coverage Map exercise covering Argyll and Bute.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 10 January 2024, submitted)

12. PEOPLE STRATEGY AND STRATEGIC WORKFORCE PLANNING PRIORITIES 2024 - 2028

The Committee gave consideration to a report presenting the People Strategy and Strategic Workforce Planning Priorities for 2024 – 2028. The documents had been developed in consultation with management teams and reflected the principles of Connect for Success.

Decision

The Policy and Resources Committee –

1. approved the People Strategy 2024-2028; and
2. noted the Strategic Workforce Planning Priorities for the period 2024-2028.

(Reference: Report by Executive Director with responsibility for Customer and Support Services dated 9 January 2024, submitted)

13. CLIMATE CHANGE BOARD UPDATE AND DECARBONISATION TRACKER

The Committee gave consideration to a report outlining overarching activities of the Climate Change Board to the Council and providing an update of key contributors to the Council's climate actions.

Decision

The Policy and Resources Committee noted the updates contained at Section 5 of the submitted report; and the full Decarbonisation Tracker update contained at Appendix A to the submitted report.

(Reference: Report by Executive Director with responsibility for Commercial Services dated 15 January 2024, submitted)

14. ARGYLL AND BUTE HOUSING EMERGENCY - PROJECT OFFICER RESOURCE

The Committee gave consideration to a recommendation from the meeting of the Environment, Development and Infrastructure Committee held on 30 November 2023 in respect of a proposal for the recruitment of a Project Officer to assist in the acceleration of the work to address the Housing Emergency in Argyll and Bute.

Decision

The Policy and Resources Committee agreed –

1. the recommendation from the Environment, Development and Infrastructure Committee that the Council recruit a Project Officer to assist in accelerating the work to address the Housing Emergency, with funding for the post being drawn from the Council's Priorities Investment Fund; and
2. that the Project Officer post would be recruited on a fixed term contract for a period of 3 years.

(Reference: Recommendation from Environment, Development and Infrastructure Committee held on 30 November 2023; and report by Executive Director with responsibility for Development and Economic Growth dated October 2023, submitted)

15. 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 work plan.

(Reference: Policy and Resources Committee workplan dated February 2024, submitted)

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ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****22 FEBRUARY 2024**

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

1. EXECUTIVE SUMMARY

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in Local Authorities. A requirement of the Code is for an annual Treasury Management Strategy Statement and Investment Strategy to be approved by Council for the forthcoming financial year. This report seeks Member's approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy. The report also sets out the policy for the repayment of loans fund advances for 2024-25.
- 1.2 The draft Treasury Management Strategy Statement and Annual Investment Strategy will be presented to the:
- Policy and Resources Committee on 15 February 2024
 - Council on 22 February 2024
 - Audit and Scrutiny Committee on 14 March 2024
 - If required, Council on 25 April 2024, following recommendations from the Audit and Scrutiny Committee that need approval from Council.
- 1.3 The Council uses Link Group as its external treasury management advisors. The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.
- 1.4 Section 2 of the attached document outlines the Council's Capital Prudential and Treasury Indicators which Members are asked to approve.
- 1.5 In 2016 new regulations were enacted by the Scottish Parliament, the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, under which the Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year as detailed in section 2.6 of the strategy. The policy on repayment of loans fund advances in respect of capital expenditure by the Council is to ensure that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.
- 1.6 A review of the Council's loan fund advance repayments was undertaken in 2019-20 with advice from our external treasury management advisors. The review was undertaken to ensure the Council continues to make a prudent provision each year for the repayment of loans fund advances.

- 1.7 The review considered new loans fund advances and historic loans fund advances to assess whether the repayment methodology was still the most prudent option. In doing so a revised policy on loans fund advance repayment profiling was introduced as follows:

For all new loans fund advances the policy for repayment is:

- **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using a 5.1% annuity rate;
- **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream using a 5.1% annuity rate. This would be utilised where the asset will generate income which can be used to repay the debt or as a result of spend to save schemes where again the savings can be used to repay the loans fund advances.

- 1.8 During 2023-24 a decision was taken to repay three of our loans early to take advantage of a discount which was on offer. This has provided the Council with a one-off gain of £0.294m which will be transferred to the General Fund and can assist with budget pressures.

- 1.9 Section 3 of the document outlines the current actual external debt against the capital financing requirement highlighting any over or under borrowing. There is information on the interest rates projections and the borrowing strategy.

- 1.10 Section 4 of the document outlines the annual investment strategy. The Council's investment priorities will be security first, liquidity second and then return. It explains the creditworthiness policy and the use of Link Treasury Services in this respect as well as the Country and Sector limits.

- 1.11 There are a number of appendices in Section 5. Some of this information has been provided by the Council's external treasury management advisors.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Council:

- a) Approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within. Note that the figures within the Strategy will be updated to reflect the budget decisions agreed at Council.
- b) Approve the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used.
- c) Approve the proposed asset repayment periods as detailed within section 2.7 of the Treasury Management Strategy Statement.
- d) Approve the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by the Council's external treasury management advisors.

3. IMPLICATIONS

- 3.1 Policy – Sets the policy for borrowing and investment decisions.
- 3.2 Financial – An effective Treasury Management Strategy forms a significant part of the Council’s financial arrangements and its financial well-being.
- 3.3 Legal - None.
- 3.4 HR - None.
- 3.5 Fairer Scotland Duty – None.
- 3.5.1 Equalities – None.
- 3.5.2 Socio-Economic Duty – None.
- 3.5.3 Islands Duty – None.
- 3.6 Climate Change – None.
- 3.7 Risk - This report does not require any specific risk issues to be addressed, however members will be aware that the management of risk is an integral part of the Council’s treasury management activities.
- 3.8 Customer Service - None.
- 3.9 The Rights of the Child (UNCRC) – None.

Kirsty Flanagan
Executive Director/Section 95 Officer
6 February 2024

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Treasury Management Strategy Statement and Annual Investment Strategy 2024-25

For further information please contact: Anne Blue, Head of Financial Services
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**Treasury Management Strategy Statement
and Annual Investment Strategy 2024-2025**

1 INDEX

1 INTRODUCTION	3
1.1 Background	6
1.2 Treasury Management Reporting	6
1.3 Treasury Management Strategy for 2024/25	7
1.4 Training	8
1.5 Treasury management consultants	8
2 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27	10
2.1 Capital Expenditure and Financing	10
2.2 The Council's Overall Borrowing Need (the Capital Financing Requirement)	11
2.3 Liability Benchmark	11
2.4 Core funds and expected investment balances	11
2.5 Limits to Borrowing Activity	12
2.6 Statutory repayment of loans fund advances	14
2.7 Asset Repayment Periods	14
3 TREASURY MANAGEMENT STRATEGY	15
3.1 Current portfolio position	15
3.2 Prospects for interest rates	17
3.3 Investment and borrowing rates	19
3.4 Borrowing strategy	19
3.5 Policy on borrowing in advance of need	19
3.6 Debt rescheduling	20
3.7 New financial institutions as a source of borrowing and/or types of borrowing	20
3.8 Approved sources of long and short term borrowing	20
4 ANNUAL INVESTMENT STRATEGY	21
4.1 Investment policy	21
4.2 Creditworthiness policy	22
4.3 Country and sector limits	22
4.4 Investment Strategy	22
4.5 Investment risk benchmarking	24
4.6 End of year Investment Report	24
4.7 Policy on environmental, social and governance (E.S.G.)	24
5 APPENDICES	25
Appendix 1 – Capital Prudential and Treasury Indicators 2024/25 – 2026/27	25
Appendix 2 – Detailed Current Portfolio Position	27
Appendix 3 – Economic Background Provided by Link Group, Link Treasury Services (at 07.11.23)	29
Appendix 4 - Treasury Management Practice (TMP1) Permitted Investments	33
Appendix 5 – Treasury Management Practice (TMP2) Credit and Counterparty Risk Management	42
Appendix 6 – Creditworthiness policy	48
Appendix 7 – Approved Countries for Investments (at 30.11.23)	50
Appendix 8 – Treasury Management Scheme of Delegation	51
Appendix 9 – The Treasury Management Role of the Section 95 Officer	52
Appendix 10 - Policy on environmental, social and governance (E.S.G)	54

1 INTRODUCTION (Key Considerations)

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and revisions have been included in the reporting framework from the 2023/24 financial year. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances, which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity, which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment, which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code will require an authority to implement the following: -

1. **Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations

from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the Authority's integrated revenue, capital and balance sheet monitoring;

6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Annual Investment Strategy should include: -

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);

6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Treasury Management reporting

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

An **Annual Treasury Management Strategy Statement** (this report) – this is the first and most important report which is submitted to full Council before the start of the financial year. The Council approve this Strategy in February, after which the Audit and Scrutiny Committee have an opportunity to make comments and recommendations. If required the Strategy would then go back to Council in April to approve any amendments recommended by the Audit and Scrutiny Committee. The Strategy covers:

- The capital plans (including prudential indicators);
- A policy for the statutory repayment of debt, (how residual capital expenditure is charged to revenue over time);
- The Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An Annual Investment strategy (the parameters on how investments are to be managed).

A mid-year Treasury Management Review Report - this will update Members with the progress on the capital position, amending prudential indicators as necessary and whether any policies require revision. Monitoring reports are submitted to each Policy and Resources Committee.

An Annual Treasury Report – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. This report is presented to Council after the end of each financial year.

Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. Recently the capital strategy was updated and a new Capital Investment Strategy was approved by Policy and Resources Committee in August 2023.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to Full Council. This role is undertaken by the Policy and Resources Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023-24 quarterly reporting (end of June/ end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by the Policy and Resources Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators.
- the policy for statutory repayment of loans fund advances

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government loans fund

repayment regulations and investment regulations, particularly Finance Circulars 5/2010 and 7/2016.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (Audit and Scrutiny Committee).

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained.

At the end of January 2023 a Treasury training session from Link Group was provided to all Elected Members and relevant officers at a Members seminar. This was followed by two further training sessions in June 2023, again provided by Link Group, to those Elected Members who sit on the Audit and Scrutiny Committee. Members have been advised to notify Financial Services as/when they feel further training sessions would be beneficial.

1.5 Treasury management consultants

The Council uses Link Group, Link Treasury Services Limited as its external treasury management consultants.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the 2024/25 budget setting.

The table below summarises the capital expenditure plans as outlined within the proposed capital plan 2024-27.

Capital Expenditure £'000	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Executive Director - Douglas Hendry					
Education	5,873	6,037	5,006	3,521	1,988
Facility Services - Shared Offices	640	1,910	3,343	977	382
Major Projects/CHORD	5,236	8,989	2,461	105	0
Executive Director - Kirsty Flanagan					
ICT	1,414	1,474	1,593	1,221	688
Roads and Infrastructure	18,650	24,731	46,640	44,028	21,602
Development and Economic Growth	3,124	3,424	2,653	0	0
Live Argyll	565	1,084	636	427	382
Health and Social Care Partnership	668	972	2,085	477	382
Total	36,170	48,621	64,417	50,756	25,424

The table below summarises the above capital expenditure plans and how capital or revenue resources are financing them. Any shortfall of resources results in a funding borrowing need. (The financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.)

Capital Expenditure £'000	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Total Capital Expenditure	36,170	48,621	64,417	50,756	25,424
Financed by:					
Capital Receipts	568	1,424	1,689	1,037	0
Capital Grants	22,549	20,417	8,415	8,192	7,801
Capital Reserves	0	0	0	0	0
Revenue	2,938	22,845	11,043	1,020	0
Net Financing need for the year	10,115	3,935	43,270	40,507	17,623

2.2 The Council's Overall Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made, called the Loan Fund Principal Repayment, which reflects the useful life of capital assets financed by borrowing. This charge reduces the CFR each year. From 1 April 2016, authorities may choose whether to use scheduled debt amortisation, (loans pool charges), or another suitable method of calculation in order to repay borrowing.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £111.5m of such schemes within the CFR.

The CFR projections are noted in the following table.

	2022/23	2023/24	2024/25	2025/26	2026/27
£'000	Actual	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement					
Opening CFR	307,100	291,782	320,025	351,103	378,802
Closing CFR	291,782	320,025	351,103	378,802	382,743
Movement in CFR	(15,318)	28,243	31,078	27,699	3,941
Movement in CFR represented by					
£'000	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
Net financing need for the year (above)	10,115	3,935	43,270	40,507	17,623
Service Concession Adjustment		36,038			
Less scheduled debt Amortisation	25,433	11,730	12,192	12,808	13,682
Movement in CFR	(15,318)	28,243	31,078	27,699	3,941

2.3 Liability Benchmark

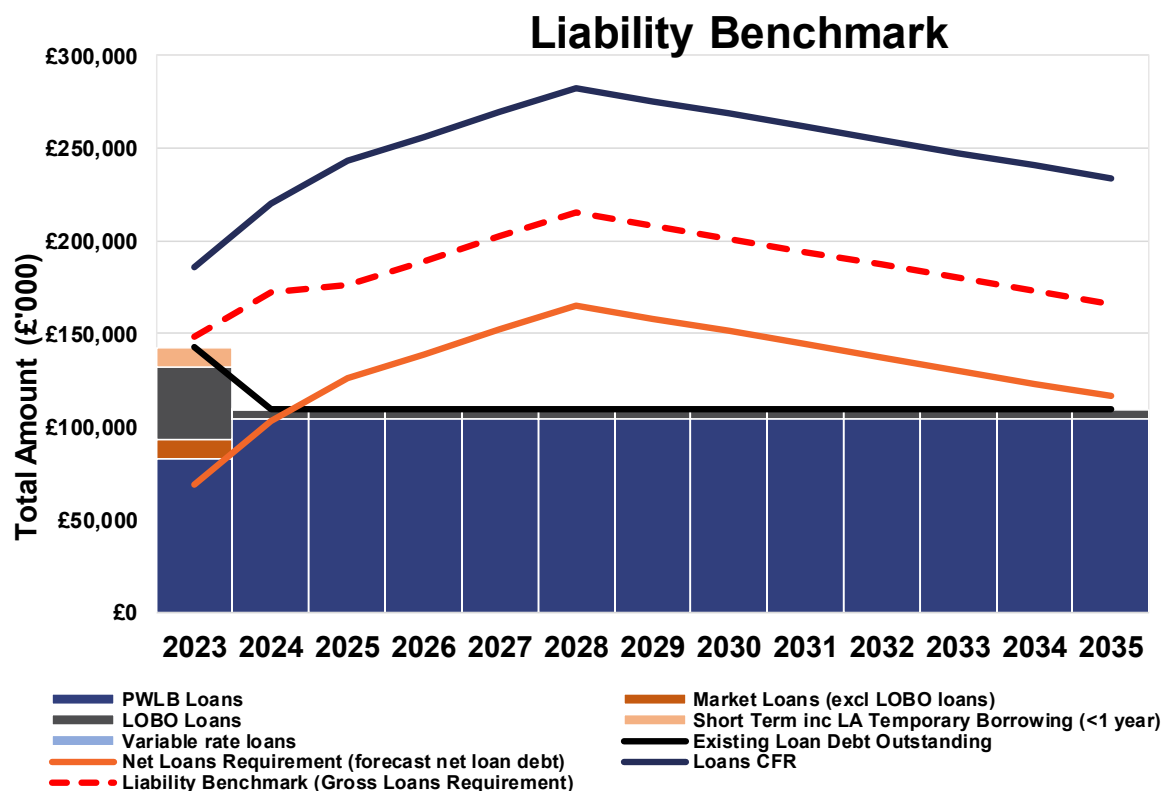
The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

- 1 **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.

- 2 **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.
- 3 **Net loans requirement:** this will show the Authority’s gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
- 4 **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

The graph below shows the four components for the Council:



2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £'000	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Expected Investments	66,315	32,992	25,000	25,000	25,000

2.5 Limits to Borrowing Activity

The operational boundary: This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £'m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	198	209	246	275	283
Other long term liabilities	107	112	106	106	101
Total	305	321	352	381	384

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- a) The authorised limits for external debt for the current year and two subsequent years are the legislative limits determined under Regulation 6(1) of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.
- b) The Council is asked to approve the following authorised limit:

Authorised Limit £'m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	203	214	251	280	288
Other long term liabilities	110	115	109	109	104
Total	313	329	360	389	392

2.6 Statutory repayment of loans fund advances

The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options are provided to Councils so long as a prudent provision is made each year. A review of the Council's loan fund advances was undertaken during 2019-20 to ensure the Council continues to make a prudent provision each year for the repayment of loans fund advances.

For all new loans fund advances the policy for the repayment is:-

1. **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using a 5.1% annuity rate;
2. **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream.

The annuity rate applied to current loans fund repayments is based on historic interest rates over a 15 year period ensuring that a prudent rate is used. The current rate is 2.52%, however it is still considered prudent to use the average historic rate at this time.

2.7 Asset Repayment Periods

Using the asset life method, the Council is required to ensure that the debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The table below details the repayment period that applies for each asset type.

Asset Type	Repayment Period (Years)
Land (including cemeteries)	100
Road Structures - Bridges, Retaining Walls, Sea Walls, Flood Defences	60
Piers and Harbours - Major Structural Work	60
Piers and Harbours - Medium Term Works e.g painting/cathodic protection	20
Piers and Harbours - Limited Lifespan Improvements	10
Roads and Footways	20
Street Lighting	30
Vehicles & Plant	7
IT Equipment	5
Major Regeneration Works (Public Realm etc)	60
New Builds including Schools	60
Buildings - Electrical	40
Buildings - Plant	20
Buildings - Roofing	35
Buildings - Windows & External Doors	20
Buildings - Structural	25

3 TREASURY MANAGEMENT STRATEGY

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the Annual Investment Strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2023 and at 31 December 2023 are shown below for both borrowing and investments.

A more detailed analysis of the above table showing actual investments placed with individual counterparties can be found in Appendix 2.

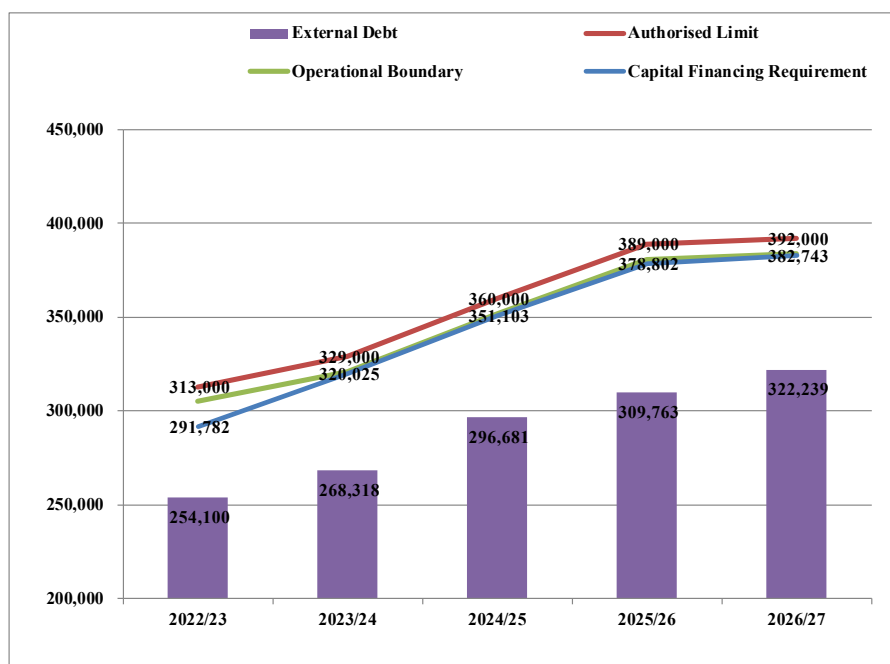
TREASURY PORTFOLIO				
	Actual	Actual	Current	Current
	31.03.23	31.03.23	31.12.23	31.12.23
	£000	%	£000	%
Treasury investments				
Banks	31,976	41%	37,779	52%
Building Societies - rated	0	0%		0%
Local Authorities	35,000	45%	15,000	22%
Money Market Funds	6,850	9%	4,150	21%
Certificates of Deposit	0	0%		0%
Third Party Loans	3,655	5%	3,551	5%
Total Managed In-house	77,481	100%	60,480	100%
Bond Funds	0			
Property Funds	0			
Total Managed Externally		0%	0	0%
Total Treasury Investments	77,481	100%	60,480	100%
Treasury External Borrowing				
PWLB	82,877	58%	103,877	95%
LOBOs	39,255	28%	0	0%
Market	10,000	7%	5,255	5%
Special	8	0%	5	0%
Temporary Borrowing	10,378	7%	222	0%
Local Bonds	18	0%	18	0%
Total External Borrowing	142,536	100%	109,377	100%
Total Treasury Investments	(65,055)		(40,845)	

The Council's forward projections for borrowing, are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt					
Debt as 1st April	177,934	142,536	162,534	190,835	209,152
Change in Debt (In Year)	(35,398)	19,998	28,301	18,317	18,320
Other long-term liabilities (OLTL) at 1st April	116,681	111,564	105,784	105,846	100,611
Change in OLTL (In Year)	(5,117)	(5,780)	62	(5,235)	(5,844)
Actual gross debt at 31st March	254,100	268,318	296,681	309,763	322,239
The Capital Financing Requirement	291,782	320,025	351,103	378,802	382,743
Under / (Over) borrowing	37,682	51,707	54,422	69,039	60,504

The figures in the above tables include an allowance for the introduction of IFRS16 – Leasing which is being introduced in the 2024/25 financial year, having been deferred in December 2021. The change requires local authorities to account for leased assets previously treated as operating leases (off balance sheet) as finance leases (on balance sheet), which increases capital expenditure and the gross debt required to finance them. Work is underway to identify and evaluate the operating leases affected and, in the meantime, the figures used in the calculations above represent a high level estimate of the potential impact on the Council's Capital Financing Requirement.

The following graph shows the the CFR compared to the expected net debt in each of the years and the under / (over) borrowed position, also shown is the Council's authorised limit for debt and it's operational boundary (see paragraph 2.4 above).



Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not taken for revenue or speculative purposes.

The Section 95 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 7th November 2023. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Additional notes by Link Group on this forecast table: -

Our central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain 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.

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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings 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

- Gilt yield curve movements have broadened since our last Newsflash. The short part of the curve has not moved far but the longer-end continues to reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5 and 50 year parts of the curve.

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, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession 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, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

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

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

We now expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

3.3 Investment and borrowing rates

Gilt yields and PWLB rates were on a rising trend from April through to October but dropped back significantly in November and December.

The 50-year PWLB Certainty Rate target for new long-term borrowing started 2023/24 at 3.50% (the lowest forecast rate within a two-year time horizon), increasing to a peak of 4.00% in November. With rates elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.

Borrowing for capital expenditure

Our long-term (beyond 10 years) forecast for Bank Rate has increased from 2.75% to 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, 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 will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therein gilt yields, to drop back later in 2024.

While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, the Bank Rate remains elevated through to the second half of 2024.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Section 95 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

In 2023, there was a window of opportunity, due to the volatility of interest rates, to repay some borrowing early to take advantage of a discount on repayment. Rescheduling of remaining borrowing in our debt portfolio is not currently planned for in 2024/25, however, the Council may consider rescheduling debt if an opportunity arises and it is prudent to do so in terms of cash balances held and anticipated future interest rates. If further rescheduling takes place it will be reported to the appropriate Committee at the earliest meeting following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points non-HRA borrowing and gilts + 40 basis points for HRA until June 2025. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short term Borrowing

A list of approved sources of long and short term borrowing is shown below:

On Balance Sheet	Fixed	Variable
PWLB	√	√
Municipal bond agency	√	√
Local authorities	√	√
Banks	√	√
Pension funds	√	√
Insurance companies	√	√
UK Infrastructure Bank	√	√
Market (long-term)	√	√
Market (temporary)	√	√
Market (LOBOs)	√	√
Stock issues	√	√
Local temporary	√	√
Local Bonds	√	
Local authority bills	√	√
Overdraft		√
Negotiable bonds	√	√
Internal (capital receipts & revenue balances)	√	√
Commercial paper	√	
Medium Term Notes	√	
Finance leases	√	√

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy implements the requirements of the Local Government Investments (Scotland) Regulations 2010, (and accompanying Finance Circular 5/2010), and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021, ("the Code") and CIPFA Treasury Management Guidance Notes 2021.

The above regulations and guidance place a high priority on the management of risk. **The Council's investment priorities will be security first, liquidity second and then return.** This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
3. Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5 under the categories of 'specified' and 'non-specified' investments. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix 7.
5. Transaction limits are set for each type of investment in Appendix 5.
6. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
7. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
8. All investments will be denominated in **sterling**.
9. As a result of the change in accounting standards for 2021/22 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.4). Regular monitoring of investment performance will be carried out during the year.

4.2 Creditworthiness policy

The Council recognises the vital importance of credit-worthiness checks on the counterparties it uses for investments.

This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following further overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

Further explanation of the approach for creditworthiness used by Link Group is found in Appendix 7.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt in.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered) will be considered for investment purposes.

4.3 Country and sector limits

The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 8. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 24 months). Greater returns are usually obtainable by investing for longer periods. While cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations

The current forecast shown in Appendix 3, includes a forecast for Bank Rate to stay at 5.25% until in Q2 2024 and then fall to 3.0% by Q3 2025-26.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months duration in each financial year are as follows.:

Average earnings in each year	
2023/24 (remainder)	5.3%
2024/25	4.7%
2025/26	3.2%
2026/27	3.0%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

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

Investment treasury indicator and limit

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested for longer than 365 days			
£m	2024/25	2025/26	2026/27
Maximum permitted principal sums invested for longer than 365 days	20	20	20
Current investments as at 31-12-23 in excess of 1 year maturing each year	0	0	0

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days).

4.5 Investment risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of SONIA (Sterling Overnight Interest Average). This benchmark will be used from 1st April 2022 and replaces 7 day LIBID.

4.6 End of year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 Policy on environmental, social and governance (E.S.G.)

The Council's policy on environmental, social and governance (E.S.G) can be found in appendix 11.

5 APPENDICES

Appendix 1 – Capital Prudential and Treasury Indicators 2024/25 – 2026/27

1. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Ratio	4.67%	4.54%	4.36%	4.44%	4.49%

The estimates of financing costs include current commitments and the proposals in this budget report.

2. Maturity structure of borrowing

The purpose of this indicator is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if this is set to be too restrictive it will impair the opportunities to reduce costs/improve performance. The indicator is "Maturity structure of borrowing". These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits. The Council is asked to approve the following treasury indicator and limits.

Maturity structure of fixed interest rate borrowing 2024/25		
	Lower	Upper
Under 12 months	0%	30%
12 months to 2 years	0%	30%
2 years to 5 years	0%	30%
5 years to 10 years	0%	40%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
50 years and above	0%	100%

The interest rate exposure in respect of the Council's external debt will be monitored on an ongoing basis by keeping the proportion of variable interest rate debt at an appropriate level given the total amount of external debt and the interest rate environment within which the Council is operating. When interest rates

are increasing the Council will look to move to fixed rate borrowing and if interest rates are likely to fall then the level of variable rate borrowing will be increased to minimise future interest payments.

Interest rate exposure	2023/24	2024/25	2025/26	2026/27	2027/28
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	190%	190%	190%	190%	190%
Limits on variable interest rates based on net debt	60%	60%	60%	60%	60%

Appendix 2 – Detailed Current Portfolio Position

TREASURY PORTFOLIO					
		Actual	Actual	Current	Current
		31.03.23	31.03.23	31.12.23	31.12.23
		£000	%	£000	%
Treasury investments					
Banks	Clydesdale Bank	1,976	3%	2,779	1%
	Totonto Dominion Bank	5,000	7%	0	0%
	First Abu Dhabi Bank	10,000	14%	15,000	23%
	National Bank of Kuwait	7,500	10%	7,500	12%
	Goldman Sachs			5,000	8%
	Close Bros Bank	2,500	3%	2,500	4%
	ANZ	5,000	7%	5,000	8%
		31,976	43%	37,779	54%
Building Societies - unrated					
		0	0%	0	0%
Local Authorities	Spelthorn BC	5,000	7%	0	0%
	Thurrock Borough Council	10,000	14%	0	0%
	Slough BC	10,000	14%	0	0%
	Cambridgeshire CC	5,000	7%	5,000	8%
	London Borough of Croydon	5,000	7%	10,000	15%
		35,000	47%	15,000	23%
DMADF (H.M.Treasury)					
		0	0%	0	0%
Money Market Fund:BNP		6,850	9%	0	0%
	Federated			1,600	20%
	Legal & General			2,550	3%
		6,850	9%	4,150	22%
Certificates of Deposit					
		0	0%	0	0%
Total Treasury Investments		73,826	100%	56,929	100%

		Actual	Actual	Current	Current
		31.03.23	31.03.23	30.12.23	31.12.23
		£000	%	£000	%
Treasury external borrowing					
Local Authorities					
		0	0%	0	0%
PWLB					
		82,877	58%	103,877	95%
LOBOs					
	Commerzbank Finance & Covered Bonds S.A.	13,000	9%	0	0%
	FMS Wertmanagement	5,255	4%	5,255	5%
	Bayerische Landesbank	21,000	15%	0	0%
		39,255	28%	5,255	5%
Market					
	Barclays (formerly LOBO)	10,000	7%	0	0%
		10,000	7%	0	0%
Special					
	Prudential assurance co	8	0%	5	0%
		8	0%	5	0%
Temporary Borrowing					
		10,378	7%	222	0%
Local Bonds					
		18	0%	18	0%
Total External Borrowing		142,536	100%	109,377	100%
Net Treasury Investments / (Borrowing)		(68,710)		(44,431)	

Appendix 3 – Economic Background Provided by Link Group (at 04.04.24)

- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding rates at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a

half of the impact of higher interest rates on household interest payments has yet to be felt.

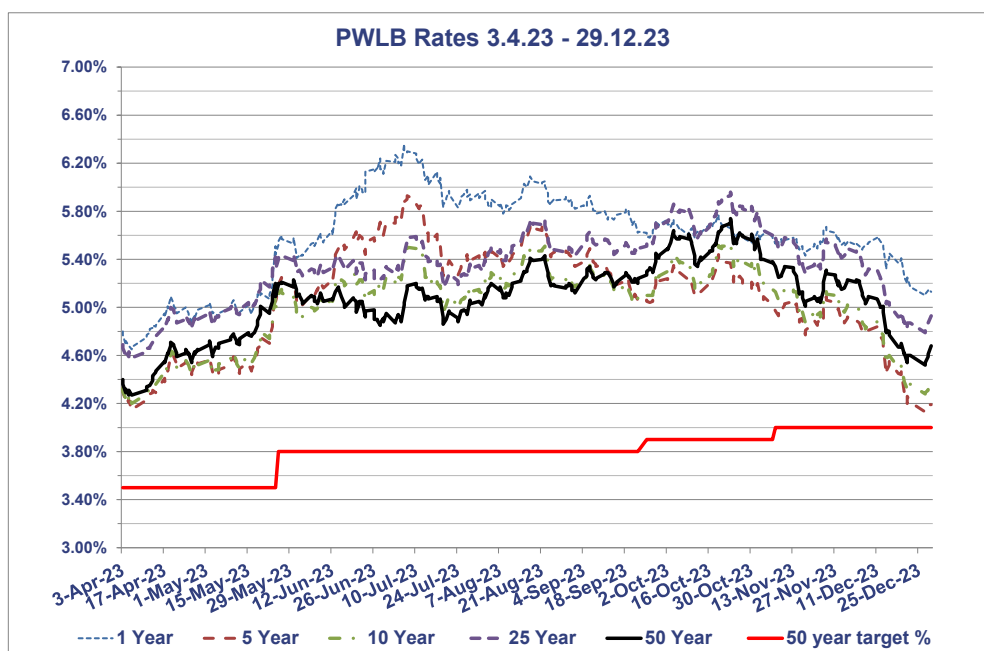
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time".

In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% at the time of writing, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 03.04.23 - 29.12.23



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Appendix 4 - Treasury Management Practice (TMP1) Permitted Investments

This Council approves the following forms of investment instrument for use as permitted investments as set out in table 1.

Treasury risks

All the investment instruments in table 1 are subject to the following risks: -

- **Credit and counter-party risk:** this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have the highest, relative, level of creditworthiness.
- **Liquidity risk:** this is the risk that cash will not be available when needed. Whilst it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: -
 - a. Cash may not be available until a settlement date up to three days after the sale
 - b. There is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

The column in table 1 headed as 'market risk' will show each investment instrument as being instant access, sale T+3 = transaction date plus 3 business days before you get cash, or term i.e. money is locked in until an agreed maturity date.

- **Market risk:** this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long-term increase in value.
- **Interest rate risk:** this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for the following forms of instrument which are at variable rate of interest (and the linkage for variations is also shown).
- **Legal and regulatory risk:** this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Controls on treasury risks

- **Credit and counter-party risk:** this authority has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes. See paragraphs 4.2 and 4.3.
- **Liquidity risk:** this authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.
- **Market risk:** this authority purchases Certificates of Deposit (CD's), as they offer a higher rate of return than depositing in the DMADF. They are usually held until maturity but in exceptional circumstances, they can be quickly sold at the current market value, (which may vary from the purchase cost), if the need arises for extra cash at short notice. Their value does not usually vary much during their short life.
- **Interest rate risk:** this authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing. See paragraph 4.4.
- **Legal and regulatory risk:** this authority will not undertake any form of investing until it has ensured that it has all necessary powers and complied with all regulations.

Unlimited investments

Regulation 24 states that an investment can be shown in table 1 as being 'unlimited' in terms of the maximum amount or percentage of the total portfolio that can be put into that type of investment. However, it also requires that an explanation must be given for using that category.

The authority has given the following types of investment an unlimited category: -

- **Debt Management Agency Deposit Facility.** This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's sovereign rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.
- **High credit worthiness banks and building societies.** See paragraph 4.2 for an explanation of this authority's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the authority will ensure diversification of its portfolio ensuring that no more than £20m of the total portfolio can be placed with UK banks and £15m in any single non UK bank institution or group at any one time.

Objectives of each type of investment instrument

Regulation 25 requires an explanation of the objectives of every type of investment instrument which an authority approves as being 'permitted'.

Deposits

The following forms of 'investments' are actually more accurately called deposits as cash is deposited in an account until an agreed maturity date or is held at call.

- **Debt Management Agency Deposit Facility.** This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. However, it is very useful for authorities whose overriding priority is the avoidance of risk. The longest period for a term deposit with the DMADF is 6 months.
- **Term deposits with high credit worthiness banks and building societies.** See paragraph 4.2 for an explanation of this authority's definition of high credit worthiness. This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term). The authority will ensure diversification of its portfolio of deposits ensuring that no more than £20m of the total portfolio can be placed with any UK bank and £15m with any single non UK bank institution or group. In addition, longer-term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer-term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer-term investment is made, that cash is locked in until the maturity date.
- **Call accounts with high credit worthiness banks and building societies.** The objectives are as for term deposits above but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.
- **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market. However, this does mean that members ought to be informed as to what instruments are presently under this generic title so that they are aware of the current situation, and that they are informed and approve of intended changes in an appropriate manner.
- **Collateralised deposits.** These are deposits placed with a bank which offers collateral backing based on specific assets. Examples seen in the past have included local authority LOBOs, where such deposits are effectively lending to a local authority as that is the ultimate security.

DEPOSITS WITH COUNTERPARTIES CURRENTLY IN RECEIPT OF GOVERNMENT SUPPORT / OWNERSHIP

These banks offer another dimension of creditworthiness in terms of Government backing through either partial or full direct ownership. The view of this authority is that such backing makes these banks attractive institutions with whom to place deposits, and that will remain our view if the UK sovereign rating were to be downgraded in the coming year.

- **Term deposits with high credit worthiness banks which are fully or semi nationalised.** As for term deposits in the previous section, but Government full, (or substantial partial), ownership, implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This authority considers that this indicates a low and acceptable level of residual risk.
- **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market. However, this does mean that members ought to be informed as to what instruments are presently covered under this generic title so that they are aware of the current situation, and that they are informed and approve of intended changes in an appropriate manner.

COLLECTIVE INVESTMENT SCHEMES STRUCTURED AS OPEN ENDED INVESTMENT COMPANIES (OEICS)

- **Government liquidity funds.** These are the same as money market funds (see below) but only invest in government debt issuance with highly rated governments. Due to the higher quality of underlying investments, they offer a lower rate of return than MMFs. However, their net return is typically on a par with the DMADF, but with instant access.
- **Money Market Funds (MMFs).** By definition, MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this Authority does not currently have the expertise or capabilities to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60 day WAM means they have locked in investments earning higher rates of interest than are currently available in the market. MMFs also help an authority to diversify its own portfolio as e.g., a £2m investment placed directly with HSBC is a 100% risk exposure to HSBC whereas £2m invested in a MMF may end up with say £10,000 being invested with HSBC through the MMF. For authorities particularly concerned with risk exposure to banks, MMFs offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF.
- a. **Ultra short dated bond funds.** These funds are similar to MMFs, can still be AAA rated but have Variable Net Asset Values (VNAV) as opposed to a traditional MMF which has a Constant Net Asset Value (CNAV). They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which

means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore, are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.

- **Gilt funds.** These are funds which invest only in U.K. Government gilts. They offer a lower rate of return than bond funds but are highly rated both as a fund and through investing only in highly rated government securities. They offer a higher rate of return than investing in the DMADF but they do have an exposure to movements in market prices of assets held.
- **Bond funds.** These can invest in both government and corporate bonds. This therefore entails a higher level of risk exposure than gilt funds and the aim is to achieve a higher rate of return than normally available from gilt funds by trading in non-government bonds.

SECURITIES ISSUED OR GUARANTEED BY GOVERNMENTS

The following types of investments are where an authority directly purchases a particular investment instrument, a security, i.e. it has a market price when purchased and that value can change during the period the instrument is held until it matures or is sold. The annual earnings on a security is called a yield i.e. it is normally the interest paid by the issuer divided by the price you paid to purchase the security unless a security is initially issued at a discount e.g. treasury bills.

- **Treasury bills.** These are short-term bills, (up to 18 months but usually 9 months or less), issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.
- **Gilts.** These are longer-term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. Market movements that occur between purchase and sale may also have an adverse impact on proceeds. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity (for most periods) if the yield curve is positive.
- **Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government** e.g. National Rail. This is similar to a gilt due to the explicit Government guarantee.
- **Sovereign bond issues (other than the UK govt) denominated in Sterling.** As for gilts but issued by other nations. Use limited to issues of nations with at least the same sovereign rating as for the UK.
- **Bonds issued by Multi Lateral Development Banks (MLDBs).** These are similar to c. and e. above but are issued by MLDBs which are typically guaranteed by a group of sovereign states e.g. European Bank for Reconstruction and Development.

SECURITIES ISSUED BY CORPORATE ORGANISATIONS

The following types of investments are where an authority directly purchases a particular investment instrument, a security, i.e. it has a market price when purchased and that value can change during the period the instrument is held until it is sold. The annual earnings on a security is called a yield i.e. is the interest paid by the issuer divided by the price you paid to purchase the security. These are similar to the previous category but corporate organisations can have a wide variety of credit worthiness so it is essential for local authorities to only select the organisations with the highest levels of credit worthiness. Corporate securities are generally a higher risk than government debt issuance and so earn higher yields.

- a. **Certificates of deposit (CDs).** These are shorter-term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and also purchased after they have been issued. However, that liquidity can come at a price, where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.
- b. **Commercial paper.** This is similar to CDs but is issued by commercial organisations or other entities. Maturity periods are up to 365 days but commonly 90 days.
- c. **Corporate bonds.** These are (long term) bonds (usually bearing a fixed rate of interest) issued by a financial institution, company or other non-government issuer in order to raise capital for the institution as an alternative to issuing shares or borrowing from banks. They are generally seen to be of a lower creditworthiness than government issued debt and so usually offer higher rates of yield.
- d. **Floating rate notes.** These are bonds on which the rate of interest is established periodically with reference to short-term interest rates.

OTHER

Property fund. This is a collective investment fund specialising in property. Rather than owning a single property with all the risk exposure that means to one property in one location rising or falling in value, maintenance costs, tenants actually paying their rent / lease etc, a collective fund offers the advantage of diversified investment over a wide portfolio of different properties. This can be attractive for authorities who want exposure to the potential for the property sector to rise in value. However, timing is critical to entering or leaving this sector at the optimum times of the property cycle of rising and falling values. Typically, the minimum investment time horizon for considering such funds is at least 3-5 years.

Table 1: permitted investments in house

This table is for use by the in house treasury management team.

1.1 Deposits

	* Minimum Credit Criteria / colour banding	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Debt Management Agency Deposit Facility	--	term	no	100	6 months
Term deposits – local authorities	--	term	no	100	2 years
Call accounts – banks and building societies	Yellow Purple Blue Orange Red Green No Colour	instant	no	100	Up to 5 yrs Up to 2 yrs Up to 1 yr Up to 1 yr Up to 6 mths Up to 100 days Not for use
Term deposits – banks and building societies	Yellow Purple Blue Orange Red Green No Colour	term	no	100	Up to 5 yrs Up to 2 yrs Up to 1 yr Up to 1 yr Up to 6 mths Up to 100 days Not for use
Fixed term deposits with variable rate and variable maturities: - Structured deposits.	Green	term	no	50	2 years
Collateralised deposit (see note 1)	UK sovereign rating	term	no	50	1 year

Note 1. As collateralised deposits are backed by e.g. AAA rated local authority LOBOs, this investment instrument is effectively a AAA rated investment

1.2 Deposits with counterparties currently in receipt of government support / ownership

	* Minimum Credit Criteria / colour banding	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
UK part nationalised banks	Blue	term	no	100	1 Year
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	UK Sovereign Rating or Blue	term	no	100	1 Year
Fixed term deposits with variable rate and variable maturities: - Structured deposits	Green	term	yes	100	1 Year

1.3 Collective investment schemes structured as Open Ended Investment Companies (OEICs)

	* Minimum Fund Rating	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
1a. Money Market Funds CNAV	AAA	instant	No see note 1	100	1 Year
1b. Money Market Funds LVNAV	AAA	Instant to T+5	No see note 1	100	1 Year
1c. Money Market Funds VNAV	AAA	instant to T+5	No see note 1	100	1 Year
2. Ultra short dated bond funds with a credit score of 1.25	AAA	T+1 to T+5	yes	100	1 Year
3. Ultra short dated bond funds with a credit score of 1.5	AAA	T+1 to T+5	yes	100	1 Year
4. Bond Funds	AAA	T+2 or longer	yes	100	1 Year
5. Gilt Funds	UK sovereign rating	T+2 or longer	yes	100	1 Year

Note 1. The objective of MMFs is to maintain the net asset value but they hold assets which can vary in value. However, the credit rating agencies require the fluctuation in unit values held by investors to vary by almost zero.

1.4 Securities issued or guaranteed by governments

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Treasury Bills	UK sovereign rating	Sale T+1	yes	100	1 Year
UK Government Gilts	UK sovereign rating	Sale T+1	yes	100	1 Year
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	Sale T+3	yes	100	1 Year
Sovereign bond issues (other than the UK govt)	AAA	Sale T+1	yes	80	1 Year
Bonds issued by multilateral development banks	AAA	Sale T+1	yes	80	1 Year

1.5 Securities issued by corporate organisations

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Certificates of deposit issued by banks and building societies	Green	Sale T+0	yes	50	2 Years
Commercial paper other	Green	Sale T+0	yes	20	2 Years
Floating rate notes	Green	Sale T+0	yes	20	2 Years
Corporate Bonds other	Green	Sale T+3	yes	20	2 Years

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

1.6 Other

	* Minimum Credit Criteria / fund rating	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Property funds	--	T+4	yes	100	5 Years

Appendix 5 – Treasury Management Practice (TMP2) Credit and Counterparty Risk Management

The following table is for use by the Treasury team and is a list of current counterparties. However, the use of counterparties depends on credit ratings and the Council may stop using certain counterparties and may stop using certain counterparties and/or decide to use alternative counterparties within its permitted investments. If for unavoidable short term operation reasons, limits are breached this will be communicated to management immediately.

The Monitoring of Investment Counterparties - The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Link Group, including when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 95 Officer, and if required new counterparties which meet the criteria will be added to the list.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
Cash type instruments				
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.	£unlimited, maximum 6 months.	£unlimited, maximum 6 months.
b. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non- local authority deposits will follow the approved credit rating criteria.	£unlimited, maximum 2 year. Limit of £10m per local Authority or public body	£unlimited, maximum 2 years.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
	Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.			
c. Money Market Funds (MMFs) – CNAV/LVNAV/VNAV (Low to very low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs has a “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	£15m per fund	100%
d. Ultra short dated bond funds (low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where they have a “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	£15m per fund	100%
e. Call account deposit accounts with financial institutions (banks and building societies) (Low risk depending on credit rating)	These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Poor’s. Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.
f. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending)	These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Poor’s. Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
on period & credit rating)	broken with the agreement of the counterparty, and penalties may apply.			
g. Government Gilts and Treasury Bills (Very low risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).	Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.	£10m maximum 1 year.	100% maximum 1 year.
h. Certificates of deposits with financial institutions (Low risk)	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a), (b) and (c) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates (no loss if these are held to maturity). Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	£10m per counterparty maximum 1 year.	20% maximum 1 year.
i. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) (Low to medium risk)	These tend to be medium to low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with this criteria	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
depending on period & credit rating)	of the counterparty (penalties may apply).	will be further strengthened by the use of additional market intelligence.		
j. Corporate bonds (Medium to high risk depending on period & credit rating)	These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Corporate bonds will be restricted to those meeting the base criteria. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	£5m and maximum 1 year.	£20% and maximum 1 year.
Other types of investments				
a. Investment properties	These are non-service properties which are being held pending disposal or for a longer term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	In larger investment portfolios some small allocation of property based investment may counterbalance/compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.	£10m	20%.
b. Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	£10m and maximum 5 years.	10% and maximum 5 years.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
c. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	50%	20%
d. Non-local authority shareholdings	These are non-service investments which may exhibit market risk, be only considered for longer term investments and will be likely to be liquid.	Any non-service equity investment will require separate Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	5%	100%
e. Loans to third parties as part of the Council's Empty Homes Strategy	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Section 95 Officer approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£1.5m and a maximum of 10 years.	N/A
f. Loans to third parties as part of the Council's SHF Front Funding Facility	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Section 95 Officer approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£5m and a maximum of 3 years.	N/A

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
g. Loans to third parties as part of the Council's Long Term Loan Funding to RSL's	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Section 95 Officer approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£5m and a maximum of 30 years.	N/A
h. Hub Co sub debt	These are non-service investments which may exhibit market risk, be only considered for longer term investments and will be likely to be highly illiquid.	Any non-service equity investment will require separate Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	£10m	N/A
i. Investment in a project run by a Local Authority or Local Authority Joint Committee	These are investments which may exhibit market risks and will only be considered for medium to longer term investments	Each investment requires approval by the Section 95 Officer up to £250,000, and, above this level, member approval. Each application will be supported by the service rationale behind the investment and the likelihood of loss.	£10m	N/A

Appendix 6 – Creditworthiness policy

Service and Information provided by Link Group

This Council applies the creditworthiness service provided by Link Treasury Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit rates, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration of investments.

Based on the Link Group approach, the Council will therefore use counterparties within the following durational bands:

Yellow	5 years*
Dark pink	5 years for Ultra short dated bond funds with a credit score of 1.25
Light pink	5 years for Ultra short dated bond funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	Not to be used

**The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.*

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored at least weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

No more than £20m can be invested with each UK bank and £15m each with any non UK bank. The Council will place overnight and call deposits with the Council's bankers irrespective of credit rating. The Council's Bankers currently have a credit rating which allows deposits of up to £20m to be placed with them for up to 100 days.

Deposits can be placed with Local Authorities and other public sector bodies for a period up to 2 years.

The Council can invest an unlimited amount of money with the Debt Management Agency Deposit Facility (operated by the Debt Management Office which is part of HM Treasury). The longest period for a term deposit with the DMADF is 6 months.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Appendix 7 – Approved Countries for Investments (31-12-23)

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France (downgraded by Fitch on 9th May 2023)
- Qatar
- U.K.

Appendix 8 – Treasury Management Scheme of Delegation

The Council

- Overall responsibility for Treasury Management Strategy.
- Adoption of Treasury Policy Statements.
- Receive an Annual Report and other reports on the Treasury Management Operation and on the exercise of delegated treasury management powers.

The Policy and Resources Committee

- Responsibility for the overall investment of money under the control of the Council.
- Keeping under review the level of borrowing.
- Approval of Annual Strategy Statement.
- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of Treasury Policy Statements.
- Implementation and monitoring of Treasury Management Policies and Practices.

The Audit and Scrutiny Committee

- Review the overall internal and management control framework related to the treasury function.
- Review internal and external audit reports related to treasury management.
- Review provision in the internal and external audit plans to ensure there is adequate audit coverage of treasury management.
- Monitor progress with implementing recommendations in internal and external audit reports.
- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix 9 – The Treasury Management Role of the Section 95 Officer

Section 95 Officer:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.
- Reviewing and considering risk management in terms of treasury activities.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non- treasury investments will be carried out and managed, to include the following: -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

The nominated Elected Member (Policy Lead for Finance and Commercial Services)

- Acting as spokesperson for treasury management.
- Taking a lead for elected Members in overseeing the operation of the treasury function.
- Review the treasury management policy, strategy and reports.
- Support and challenge the development of treasury management.

Appendix 10 – Policy on environmental, social and governance (E.S.G.)

Environmental, social and governance (ESG) investment considerations are about understanding the ESG risks that an entity is exposed to and evaluating how well it manages these risks. It is not the same as Socially Responsible Investing, (typically where you apply negative screens), and equally, it is not the same as Sustainable Investing, (investing in products / companies based on expected sustainable and beneficial societal impact, alongside a financial return).

The Council is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. Within this, the Council is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

"We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers' cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.

At a sovereign level, risks related to, inter alia, natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is true for local governments and special purpose vehicles issuing project bonds. Such events can result in bond price volatility and increase the risk of defaults.

In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systematic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.

In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer's creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issuer ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.

*With this in mind, we share a common vision **to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness.**"*

All the main agencies are now extolling how they incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings. As such, their incorporation is already being done, to an extent, by the use of mainstream rating agencies such as Fitch, Moody's and Standard & Poor's used by the Council.

Our Treasury Advisors, who are The Link Group, are currently reviewing the market in terms of providers of ESG metrics and are looking at ways in which this data can be used by the Council. However, the Treasury Management Code notes that "This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level".

The Council will continue to consider ESG factors however, it should be noted that this information will still be secondary to the requirement for the Council to adhere to the Security, Liquidity and

Yield requirements of the Treasury Code. Limiting the potential counterparty options could reduce diversification and increase risk therefore there is an important balance to be had.

ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****22 FEBRUARY 2024**

ANNUAL ACCOUNTS 2022-23 UPDATE

1.0 INTRODUCTION

- 1.1 The Council's appointed external auditors for 2022-23 are Mazars. The previous external auditors were Audit Scotland who had been in place since 2011-12.
- 1.2 The audit of the accounts for 2023-24 has still to be completed by Mazars. Officers continue to express their dissatisfaction with this situation to both Mazars and to Audit Scotland and this situation is similar in the two other Scottish Councils being audited by Mazars. The lateness of the audit is in no way a reflection on the quality of the Council's accounts.

2. RECOMMENDATION

- 2.1 Council to consider and note the contents of this report.

3. DETAIL

- 3.1 The Council had Audit Scotland as their external auditor from financial year 2011-12 through to 2021-22. The Accounts Commission formally appoint auditors for Local Authorities and Mazars were appointed last year to undertake our audit from financial year 2022-23 for a period of five years. .
- 3.2 The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 states that a local authority should aim to approve the annual accounts for signature by 30 September and to publish them by 30th October each year.
- 3.3 The audit of the accounts for 2022-23 has still to be completed by Mazars. Mazars initially sited difficulties in recruitment as the cause of the delay and resourcing seems to be an issue across the audit sector particularly public sector. Audit work would normally commence in July each year but this was delayed until late September/early October. The key audit partner from Mazars has also been absent during January and at the time of writing it is unclear whether he will be back in February.
- 3.4 A special Council meeting has now been in the diary twice, once for December and again for the end of January, however, both have had to be cancelled. If the audit partner does not return to work in February, Mazars will look to assign the audit to another senior officer within the firm. It is expected that the substantive work on the audit and the report will be completed by the end of February.

- 3.5. Throughout the audit there have only been minimal material issues raised by the auditors with the exception of the treatment of pensions which have now been adjusted to reflect the asset ceiling calculations as requested by Mazars (a situation affecting all Local Authorities). The lateness of the audit is in no way a reflection on the quality of the Council's draft accounts.
- 3.6 In addition to the audit of the Council's main financial statements there have also been delays with the following work undertaken by Mazars:
- Audit of Trust Funds. These are due to be submitted to the charity regulator OSCR by 31st December however Mazars did not start this audit until January. An extension request was made to OSCR who agreed to extend until 31st January however due to the audit partner being absent this deadline will also not be met and a further extension request has been submitted to OSCR.
 - Audit of Housing Benefit Subsidy claim. This is due to be submitted to the DWP by 31 January however Mazars did not start this work until mid January therefore this deadline will not be met.
 - Non-Domestic Rates audit. This is required by the Scottish Government and has not yet been started. Mazars have contacted the Scottish Government in relation to this but have not yet had a response.
- 3.7 I have advised both Mazars and Audit Scotland of our dissatisfaction with the audit process this year. I have also been in close communication with another two Local Authorities who are also being audited by Mazars and they are having the same issues. It is expected that after the Audit is complete that there will be a lessons learned debrief to mitigate an issue like this arising again in the future.

4. CONCLUSION

- 4.1 This report provides Council with an update on the progress with the 2022-23 audit of the financial statements.

5. IMPLICATIONS

- 5.1 Policy – None
- 5.2 Financial – Failure to comply with CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23. Failure to adhere to deadlines from OSCR, DWP and Scottish Government.
- 5.3 Legal – Not expected to be any legal issues.
- 5.4 HR – Staff working on the audit usually move from audit work to budget work, however, since the audit had been delayed further pressure has been placed upon staff.
- 5.5 Fairer Duty Scotland:
- 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 – Risk that Accounts are not signed-off before commencement of the 2023-24 accounts.

5.8 Customer Service - None

5.9 The Rights of the Child (UNCRC) - None

Kirsty Flanagan
Executive Director/ Section 95 Officer
5 February 2024

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

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ARGYLL AND BUTE COUNCIL

LEGAL AND REGULATORY SUPPORT

COUNCIL

22nd February 2024

POLITICAL MANAGEMENT ARRANGEMENTS

1. INTRODUCTION

- 1.1** This report invites the Council to give consideration to a vacancy that has arisen on the Live Argyll Board; and to a request from Glasgow City Council to appoint a Trustee to the Blindcraft Trust Fund.

2. RECOMMENDATIONS

- 2.1** The Council is asked to give consideration to:-
- 1) the current vacancy for an Argyll and Bute Council representative on the Live Argyll Board; and
 - 2) the request from Glasgow City Council to appoint a Trustee to the Blindcraft Trust Fund.

3. DETAIL

- 3.1** Following the Scottish Local Government Elections in May 2022, Argyll and Bute Council appointed three representatives to the Live Argyll Board.

One of those representatives, Cllr Ian MacQuire, has advised of his resignation from the Board with effect from 29th November 2023. The Council is invited to consider the appointment of a new representative to fill the resulting vacancy.

- 3.2** The Council has received correspondence from Glasgow City Council in regard to the Blindcraft Trust Fund. They are inviting the Council to appoint an ex-officio Council Trustee to the Trust Fund. The time commitment for this role is anticipated to be 2 meetings annually. Further

information on the appointment and the background to the Trust is provided at **Appendix 1**.

4. CONCLUSION

- 4.1** This report asks Council to give consideration to a vacancy on the Live Argyll Board and the request to appoint an ex officio Council Trustee to the Blindcraft Trust Fund.

5. IMPLICATIONS

- 5.1 Policy – none**
- 5.2 Financial – None**
- 5.3 Legal – None**
- 5.4 HR – None**
- 5.5 Fairer Scotland Duty - None**
- 5.5.1 Equalities - 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**
- 5.9 Rights of the Child (UNCRC) - None**

Douglas Hendry
Executive Director with responsibility for Legal and Regulatory Support

19th January 2024

For further information please contact Shona Barton on 01436 657605 or by email on shona.barton@argyll-bute.gov.uk

Appendix 1 – Letter and associated information in relation to Blindcraft Trust

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Hand Deliveries to:
40 John Street
Glasgow G1 1JL

Our Ref: PCED0169/JMM/WS Your Ref:
Date: 12 January 2024

TO : THE CHIEF EXECUTIVES OF THE BLINDCRAFT TRUST FUND'S PARTICIPATING LOCAL AUTHORITIES

Dear Sir/Madam

BLINDCRAFT TRUST FUND

I have been instructed to write to you by the Trustees of the Blindcraft Trust Fund to confirm if your local authority would wish to nominate an ex officio Council Trustee to the Trust Fund.

I attach a paper detailing the background and history of the Blindcraft Trust Fund along with a copy of the trust deed and copy deed of variation. Your Council is one of those participating local authorities in terms of the trust deed.

It is anticipated that the time commitment from a Trustee would be two meetings per annum and the appointment would run on an ex officio basis until the next local government elections.

Please let me know if you require any further information in order to consider this request.

Your sincerely

Wendy Shannon

PP
Jennifer McMartin
Executive Legal Manager

Encs.

Please address correspondence to Wendy Shannon, Governance Project Support Manager, Corporate and Property Law Section
Direct phone 0141 287 4645 / Mob: 07795 090213
Fax No: 0141 287 8010
E-mail: wendy.shannon@glasgow.gov.uk
www.glasgow.gov.uk

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Background and History of the Blindcraft Trust Fund

1. Background

- 1.1 The Blindcraft Trust was established in order to carry out the testamentary wishes of John Leitch by a private Act of Parliament in 1825 which established an Asylum for the Blind in the City of Glasgow - Act George IV CAD44 (private).
- 1.2 The Blind Persons Act 1920 imposed a duty on local authorities to make arrangements for the promotion of the welfare of blind person's resident within their area, a responsibility which was carried out in combination with other Councils. Pursuant to this, a scheme was set up by the county councils of Argyll, Ayr, Dumbarton, Lanark, Renfrew and Stirling and the town councils of the Burghs of Airdrie, Ayr, Coatbridge, Dumbarton, Falkirk, Glasgow, Greenock, Hamilton, Johnstone, Kilmarnock, Motherwell and Wishaw, Paisley, Port Glasgow, Renfrew, Rothesay and Stirling to provide for the housing, education and training of blind persons. At a later date the County Council of Bute and the Town Council of Dumfries also joined the Scheme. Glasgow City Council appears to have been the lead authority at that time.
- 1.3 In order to facilitate the joint scheme a private Act of Parliament (The South West of Scotland Blind Asylum Order Confirmation Act 1923) was passed transferring the Royal Asylum for the Blind from its then managers to the Corporation of the City of Glasgow which held the property on behalf of all the other Council's in the Scheme.
- 1.4 The Blind Persons Act 1920 was eventually repealed and the Social Work (Scotland) Act 1968 imposed a general welfare function on the Councils. Since then the Social Work responsibility which includes welfare of the blind, was transferred to the Regional Councils in the Local Government (Scotland) Act 1973 and then to the unitary authorities in 1994.
- 1.5 Since that time various legislation has imposed general welfare obligations on Councils including welfare of the Blind although this is subject to financial restraints.
- 1.6 Glasgow City Council do not have details of how long the joint scheme ran or when it was wound up nor do we have any details of how the funds were administered between 1937 and 1973. Post 1973 Strathclyde Regional Council ran workshops for the blind through Social Work Department (known as "Blindcraft"). The workshop and the Blindcraft Trust's funds were administered by a management committee and it appears that monies were paid out of the funds either to individuals in the workshops who were blind or visually impaired, or to the workshop itself.

- 1.7 At local government re-organisation in 1994 the Management Committee was discontinued.
- 1.8 In 2012 Glasgow City Council applied to the Office of the Scottish Charities Regulator (OSCR) to obtain charitable status to formalise the arrangements in relation to the Funds. This application was made as part of a Council wide review of Sundry Trusts and Funds held by the Council. A list of the historic funds, which have been transferred into the Blindcraft Charitable Trust, and their original purposes are attached as part of the Trustee Induction Pack.

2. The Blindcraft Trust purposes and participating authorities

- 2.1 A copy of the original Blindcraft Trust deed and a summary of the Trust deed are attached.
- 2.2 The charitable purposes of the Blindcraft Trust are:-
 - (a) The prevention or relief of poverty, the advancement of education, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage.

The specific Trust purposes of the Blindcraft Trust as outlined in the Trust Deed are:-

- (1) to advance the education of individuals of all ages who are blind or visually impaired with particular support being given to children from birth to 19 years of age who have a right to statutory education, declaring that no support shall be given in respect of any matters for which a local authority has a statutory duty;
 - (2) to relieve poverty amongst individuals who are blind or visually impaired and in particular unemployed person through the promotion and/or provision of training and skills of all kinds and particularly such skills as will assist such residents in obtaining paid employment within the mainstream working environment, declaring that particular support will be given to the Blindcraft Factory run by Glasgow City Council for those who are blind or visually impaired;
 - (3) to promote, establish and/or support other projects and programmes of a charitable nature for the benefit of individuals who are blind or visually impaired, including the advancement of the education of the public in general in relation to individuals who are blind or visually impaired, providing such other projects are ancillary to the activities carried on by the Trust in pursuit of the objects (1) and (2) above.
- 2.3 The Trust was activated in 2012 as part of a review of the Council's Sundry Trusts and Funds carried out by the Council's Legal and Financial Services Departments. The Trust is a charitable Trust and therefore must comply with the requirements of the Office of the Scottish Charities Regulator (OSCR) and Trust legislation. The Trustees in this case hold the funds in trust for the purposes set out in the Trust Deed.

- 2.4 The Council areas covered by the Blindcraft Trust are the following: Argyll & Bute Council, West Dunbartonshire Council, South Lanarkshire Council, North Lanarkshire Council, South Ayrshire Council, Glasgow City Council, Inverclyde Council, East Ayrshire Council, Renfrewshire Council, Dumfries and Galloway Council, Stirling Council and Falkirk Council. Each of these areas will have an opportunity to nominate a councillor to service as an ex officio Trustee to the Trust.
- 2.5 When the Blindcraft Trust was activated, the Blindcraft Trustees agreed that certain changes to the Trust deed should be made to comply with Trust legislation and OSCR Guidance. These changes are included in the Deed of Variation which is attached as part of the Trustee Induction Pack.

3. Financial Position of the Trust

- 3.1 The provisional closing balance of the Blindcraft Trust Fund as at 13th October 2023 is £196,116.
- 3.2 The Blindcraft funds are currently held as part of the Council's Sundry Trusts and Funds portfolio. The Council's Sundry Trusts and Funds portfolio is managed by Ruffer Limited Liability Partnership, an investment management firm, appointed by the Council. The investment objectives of the Fund is to preserve the capital over rolling 12 month periods, and secondly to grow the portfolio at a higher rate (after fees) than could reasonably be expected from depositing the cash in a UK bank. The Fund is invested in a variety of different asset classes, including fixed interest stocks and equities (both UK and international), and an allocation of other risk investments designed to improve the overall return, but never to the extent of risking serious capital loss.
- 3.3 The Council's Financial Services department prepares the Blindcraft Annual Accounts, which are approved by the Trustees at the Blindcraft Annual General Meeting and thereafter sent to OSCR.

4. Administration of the Blindcraft Trust

The Blindcraft Trustees have agreed the following:

- 4.1 **Meeting frequency:** Twice per annum. Meetings take place in spring and in winter.
- 4.2 **Spending restrictions:** There are no spending restrictions in the Trust Deed however the Trustees have agreed to limit grant expenditure to a pre-determined amount which is reviewed annually.
- 4.3 **Trust Meetings and Award Process:**

Trustees will approve the Trust accounts prepared by the Council's Financial Services Department and audit report prepared by external auditors.

Trustees also agree the level of Trust expenditure for that particular financial year and confirm the organisations they wish to invite to make an application to the Trust. It is recommended that one of these organisations is RSBi in order to comply with the terms of the Trust Deed.

The Trustees may wish to give the organisations an idea of the type of projects which the Trustees would like to consider.

The Trustees receive an update from the Council's Customer & Business Services as to the status of the applications made in the previous year.

A small number of suitable organisations previously invited by the Trustees put forward suggested proposals to the Trustees which would fit in with the Trust purposes. The Council's Financial Services Departments (Corporate Finance and CBS) will have carried out financial and governance checks on these organisations and will report their findings to the Trustees. The Trustees then give consideration as to whether to award a grant to the organisations, to what value and over what period.

The values of grants from the Trust are currently agreed by the Trustees as the following:

Large grant - over £50,000

Medium grant - between £5000 and £50,000

Small grant - up to £5,000

If the Trustees wish to fund any of the proposals put forward by the organisation, the Trustees will then authorise the Council's Financial Services Department (CBS) to put in place monitoring arrangements to monitor the use of the donations.

ARGYLL AND BUTE COUNCIL
LEGAL AND REGULATORY SUPPORT

COUNCIL
22 FEBRUARY 2024

APPOINTMENT OF INDEPENDENT AUDIT AND SCRUTINY CHAIRPERSON

1.0 INTRODUCTION

- 1.1 This report outlines the process that has been undertaken in terms of the appointment of an Independent Chairperson for the Audit and Scrutiny Committee and seeks agreement of Council to appoint Ms Janice Wason Hall to that position.

1.0 RECOMMENDATIONS

- 2.1 Council is asked to agree the appointment of Ms Janice Wason Hall to the post of Independent Chairperson of the Audit and Scrutiny Committee for an initial period of 2 years until 21 February 2026.

2.0 DETAIL

- 3.1 The Council agreed at the meeting held on 19 May 2022 that work would be undertaken in terms of recruiting a new Chairperson for the Audit and Scrutiny Committee following notification that Martin Caldwell, the current Chairperson, had indicated his intention to step down from the post.
- 3.2 A delegation was given to the Executive Leadership Team in consultation with the Leader of the Council, the Depute Leader and the Leader of the largest opposition group to take forward the recruitment process.
- 3.3 A recruitment exercise was undertaken initially via My Job Scotland which did not result in any suitable candidates. Following this another recruitment exercise was undertaken which resulted in one candidate being identified. Interview of the candidate took place on Wednesday 31st October at the Council Headquarters, Kilmory Castle.

- 3.4 Ms Janice Wason Hall is a business owner on Mull and has significant experience of working at a high level in the public sector. The recruitment Panel were unanimous in their view that Ms Hall was a suitable candidate and agreed to recommend her appointment to Council for an initial period of 2 years.
- 3.5 Council should note that the current Chair, Martin Caldwell, has agreed to undertake a mentoring role for Ms Hall and this will be taken forward over the March and June meetings of the Committee.

4.0 CONCLUSION

- 4.1 Following the decision of Council in May 2022, recruitment for a replacement Chairperson for the Audit and Scrutiny Committee was undertaken. Council is asked to approve the appointment of Ms Janice Wason Hall as Chairperson of the Audit and Scrutiny Committee for an initial period of 2 years.

5.0 IMPLICATIONS

- 5.1 Policy – in line with the Council Constitution and continues the Independent Chairperson role on the Committee.
- 5.2 Financial – there will be costs incurred in terms of provision of ICT equipment and any relevant expenses.
- 5.3 Legal - none
- 5.4 HR – relevant policies will be applied.
- 5.5 Fairer Scotland Duty:
- 6.5.1 Equalities - protected characteristics - none
 - 6.5.2 Socio-economic Duty - none
 - 6.5.3 Islands - none
- 5.6 Climate Change – none
- 5.7 Risk – deals with the risk of not having an Independent Chairperson
- 5.8 Customer Service - none
- 5.9 The Rights of the Child (UNCRC) - none

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

Policy Lead Councillor Robin Currie

31 January 2024

For further information contact:

Shona Barton, Governance Manager (01436) 657605

APPENDICES - none

ARGYLL AND BUTE COUNCIL**COUNCIL****EXECUTIVE DIRECTOR WITH
RESPONSIBILITY FOR LEGAL AND
REGULATORY SUPPORT****22ND FEBRUARY 2024**

DEMOCRACY MATTERS 2 – DRAFT CONSULTATION RESPONSE

1.0 HEADLINES

- 1.1 This report provides Members with a proposed response to the Democracy Matters 2 (DM2) consultation, for their consideration and comment (attached at appendix 1).

2.0 RECOMMENDATIONS

Members are asked to:-

- 2.1 Consider the proposed DM2 consultation response; and
- 2.2 Agree that the draft response is submitted to the Scottish Government by the 28th February 2024 deadline.

3.0 DETAIL

- 3.1 The Local Governance Review was jointly launched in December 2017 by the Scottish Government (SG) and COSLA, consisting of two strands:-
- 1) Community level decision making and
 - 2) Public service governance
- 3.2 Strand 1 focused on communities and was entitled Democracy Matters. A phase 1 consultation was held between May and December 2018, which invited views from communities on their experiences of getting involved in local decision making, whether they would like more control over some decisions/any service areas, what local means to them, and what structures/processes could allow for more power to be exercised by communities. Phase 1 attracted input from circa 4000 respondents.
- 3.3 The Council undertook a programme of engagement to inform a response to the consultation, which included 10 'Big Listen' events across Argyll and Bute plus an online webchat. The formal response to Phase 1 was approved by Council on 29th November 2018 and can be accessed [here](#).
- 3.4 Phase 2 of the Democracy Matters conversation was launched by SG and COSLA on 28th August 2023, with responses invited by 28th February 2024. Phase 2 is about asking communities to get together to consider a series of scenarios and questions, based on the 6 key findings from phase 1, which are

summarised below:-

- 1) Powers – respondents said they wanted to see a real shift in power in favour of communities. This should provide autonomy to make improvements and reimagine how a range of public services work in their area.
- 2) Representation - respondents said they value representative democracy but also want to see a more diverse set of people in decision making roles.
- 3) Accountability and participation - respondents said that decision makers must involve the community and be accountable to them for the difference made with the total resource available.
- 4) Setting local boundaries and priorities - respondents said that setting boundaries and setting priorities are interrelated and that communities should be helped to decide these for themselves.
- 5) Standards, resources and relationships - respondents said that new arrangements must be resourced, integrated with existing democratic decision making structures, and take account of everyone's needs.
- 6) Nurturing community capacities - respondents said communities should be able to move at their own pace, and that they will need tailored support.

3.5 The Council has promoted the consultation to Community Councils (CCs) and other community groups, to support the focus on communities hosting local conversations to assist in formulating their responses. Information events, hosted by the Improvement Service specifically for CCs, have also been promoted, as well as details of the SG Democracy Matters Fund, which has been set up to provide up to £300 expenses support to any organisation/group organising a local event.

3.6 A draft response has been prepared by the Council and is attached at appendix 1 for consideration. To assist in the formulation of our response, a Members Seminar was held on 29th November 2023 to brief Councillors on the consultation and to invite feedback and comments on the proposals. The key points arising from this session have been incorporated into the response under the relevant questions, including:-

- Why re-invent the wheel? Importance of investing in the current important democratic processes and structures which are deemed to be fit for purpose from our perspective;
- No clear rationale or evidence to support the creation of a further tier of governance, which has the potential to clutter the landscape and result in further resource and financial pressures;
- The consultation proposals assume that all groups wish to be represented and want to come together to participate in local decision making. Experience in Argyll and Bute illustrates that current levels of engagement and participation can vary considerably across different communities. For example a large number of CCs are formed by nominations as there are not enough candidates to formally elect or, in some cases, are not able to be formed at all due to a lack of participation.
- How do you define a community? There will be major differences across Scotland in terms of what this could mean and will depend on the demographic of the area, with notable variances across urban/semi rural/rural area. In Argyll and Bute there is the possibility of identifying

literally hundreds of communities.

- The proposals are not clear on whether local groups/volunteers will be remunerated for their role in any new decision making body – clarity has been sought on what is envisaged here.

3.7 Members are asked to approve the draft response and agree that Officers submit it to the Scottish Government by the 28th February 2024 deadline.

4.0 CONCLUSION

4.1 Phase 2 of the Democracy Matters conversation was launched in August 2023, following on from the initial phase undertaken in 2018. Details of the consultation has been promoted to our communities via CCs and other local groups and organisations. The Council's proposed response is attached at appendix 1 for Members consideration.

5.0 IMPLICATIONS

- 5.1 Policy – none at present but potential for significant implications due to emerging national reform
- 5.2 Financial – none at present but potential for additional cost pressures, depending on outcome of emerging reforms
- 5.3 Legal – none at present but potential for new legislative requirements
- 5.4 HR – none at present but potential requirement for additional resource to support implementation
- 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 – failure to influence the national development of public sector reform
- 5.7 Customer Service – none
- 5.8 The Rights of the Child (UNCRC) - none

6.0 APPENDICES

6.1 Appendix 1 – draft DM2 response

Douglas Hendry
Executive Director with responsibility for Legal and Regulatory Support

23rd January 2024

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Democracy Matters 2**Consultation Questions**

1. How could your community use these types of powers to achieve its ambitions, now and into the future?

It is the view of Argyll and Bute Council that the structures which are currently in place are deemed fit for purpose in terms of meeting identified need and we do not support the proposals set out within the consultation document. The Council recognise value in supporting and investing in the current arrangements and have significant concerns about the level of additional resource that would be required to implement what is being suggested here. Our concerns are further compounded by the timing of these proposals, which coincide with a number of other significant public sector reforms and financial/resource constraints. Please refer to Q16 which picks up on these points further.

The powers are outlined as general, specific, direction of associated budgets, employment and community collaboration. The consultation does not outline how it would build on current facilitators such as community planning, community empowerment, Planning with People and co-production through the national standards of engagement.

The consultation is unclear on the framework of developing citizen participation in the democratic process, the source and availability of resource and the development of a co-productive relationship in service development outwith current structures, legislative requirements and guidance. It is further unclear how this relates to stimulating the third sector who have developed on the basis of local need, community councils, social enterprise and community interest companies.

It is also not clear how this aligns with or is intended to complement the Scottish Government's Scottish Approach to Service Design, which sets out a new model of designing services with, as opposed to, for communities and service users. Expanding the use of this as a public service design tool will have a positive impact on supporting better decision making with rather than for communities.

2. What other powers should be added, and are there some which should be retained by existing decision-makers?

The Council would like to reiterate its concerns about the proposals being consulted on and, again, would promote a focus and investment in current structures that are operating well. For example, by continuing to develop approaches to Community Wealth Building to support local inclusive economies by focusing on key areas such as:- fair employment; progressive procurement; plural ownership of the economy; financial power; and use of land and assets, in conjunction with other models such as the Scottish Government's Scottish Approach to Service Design.

The consultation document notes out of hours health care as an option for specific powers. Health and Social care services are delegated to IJBs which have structures within the legislation and guidance governing their relationship with communities around regulated services. Some further exploration in powers relating to regulated services that don't take into account professional advisory and available funding at a national level for health service (NRAC). There is the potential to create greater health inequalities where you may have a small and unrepresentative number of decision makers and a changing demographic. For example co-production within current structures allows for the development of on island out of hours health care involving as far as possible the whole community and its representatives. The exercise also co-opts planning, transport infrastructure, social care and clinical expertise which takes a long term whole system approach and considers need across the lifespan and where other resource can be capitalised with wider partners. Planning can in effect be undertaken and resource directed with a shared approach to power, within regulation and with a future focus.

Providing community groups with the power to employ staff presents significant challenges where this is to be applied to a resource or service currently operated by the Council. An example of this may be in recycling. Any transfer of resource from the Council to a community group would include by necessity the transfer of staff under TUPE. This would mean that the community group would have to be able to provide all of the employer resources currently provided by the council – pension, employee assistance, sick pay entitlement etc and at the same salary level. The economies of scale mean that the Council is better placed to retain staff employment therefore this power should be retained by the existing decision maker – ie the Council.

3. When thinking about who might be part of new decision-making bodies, what are the best ways to ensure they truly reflect their communities and enhance equality?

The Council are opposed to the notion of introducing new decision making bodies and there are a number of factors that require to be considered in this regard including:

- Consideration should be given to the structures that are already in place and how any future structures would sit alongside those which are required and advised through guidance. Argyll and Bute Council has 36 elected members, representing constituents across 11 multi member wards. There are a wide range of efficient governance arrangements in place at both a council, HSCP and wider community level to support the area, including:- 4 decentralised Area Committees with delegated authority to make decisions affecting local communities; 4 Area Community Planning Groups – an unincorporated partnership of agencies and organisations drawn from public/private/third sector, community organisations and partnerships; 4 HSCP Locality Planning Groups – bringing together NHS and Council staff, community members, carers, representatives from third and independent sectors, and community based groups; 56 community councils; and a whole raft of other community organisations and trusts. Adding a further layer of governance presents a real risk of cluttering the landscape and increasing the potential for local conflict and polarisation.
- Potential difficulties around engagement from communities could be a barrier to ensuring appropriate representation. For example, in Argyll and Bute we currently have 54 out of a possible 56 community councils established. After an initial round of elections we had 39 CCs from 56 formed (38 uncontested and one contest). We had a further 15 formed after a second electoral process (none contested); and one further CC formed after a third round of elections. Two community councils remain dormant as we were unable to get enough of the community to come forward to be in a position to formally establish the community councils for those areas.
- The definition of community in terms of this question is key – does this mean a geographic area (small or large) or does this mean something else? There will be major differences across Scotland in terms of what this could mean and will depend on the demographic of the area, with notable differences across urban/semi-rural/rural areas.
- Ensure that the current, and projected future, demographic make-up of the community is understood.
- Ensure that representation on any new decision making body fully reflects the equalities profile of the area, including those people who are harder to reach.
- Ensure that all those invited/appointed to represent have the skills (or are appropriately supported), to have the skills to work collaboratively with others. Some under-represented individuals do not want to participate as they feel disempowered as a single representative and prefer to engage in the 'safety' of their particular characteristic (i.e. age, gender). This requires support and skills of paid workers to support these challenges and enhance equality.

4. Thinking about your own community, what groups would you like to see represented through other selection methods, and what should these methods be?

As per question 3 above.

This question assumes that groups would want to be represented, however we know from working with equalities groups that representatives can experience disempowerment when they are the single representative voice in the room. It is more important that rather than 'select' people, that there is a requirement to link with local or national bodies that represent experiences of different equalities groups.

There has to be a recognition of the demographic of a particular area and also that the representation on any new body reflects the remit which has been set for that body. Once there is clarity on the remit and decision making powers then it will be clearer in terms of who might wish to become involved.

It is important that representatives are able to be a voice for all in the "community" and not just for their specific group. In terms of mechanisms for selection, this would need to be open and transparent and widely advertised. There should be identification of best practice used in previous recruitment exercises.

All those selected to represent should be required to be accountable to the community they represent, to demonstrate that they are representing all views and to be open and available to feed back to the wider community and accountable for their decisions.

5. What would the role of local elected representatives be, and what would incentivise other people to take on/be part of decision-making?

Firstly, it is unclear from this question if this relates to Elected Councillors or includes Community Councillors who could also be identified as local elected representatives. The Local Councillor, who is elected by the community and has a democratic mandate to represent the views of their constituents, should be involved in any future decision-making bodies.

An obvious difference is that elected members are remunerated, whereas community councillors are not. In terms of possible incentives, is there a suggestion that remuneration would be offered to any new local decision body? Clarity on this would be helpful.

As per previous views expressed in this consultation response, it is deemed important to invest in the current structures, including our elected members. Councillors are the democratic elected representatives of the local areas and there is merit in strengthening their role. There is also perhaps an opportunity to enhance communities understanding of the role of elected members and promote/encourage community members to put themselves forward for election and invest in the current democracy. Councillor remuneration is one area that is cited as a barrier to recruitment, and on this basis the Scottish Government and COSLA have committed to undertaking an independent review to ensure that moving forward the terms and conditions for councillors truly reflect their responsibilities.

It is not deemed feasible to consider giving more powers to other local decision making bodies if local elected councils do not have parity of esteem with other elected bodies in Scotland.

Encouraging other people to take on or be part of the decision-making process may prove to be difficult depending on the arrangements in place for the body. If the new body has a general remit without a focus or specific purpose, then it would be more difficult to engage others in the process. Taking for example the work around the formation of the IJB, this has a clear remit and therefore those who applied to be part of this decision-making body were aware of what the remit and purpose was.

6. What do you think are the best ways to ensure new decision-making bodies are accountable to their community?

Proposals are such that the new community decision-making bodies are suggested as being half directly elected and half selected by different methods, and that they should be autonomous.

Accountability for those elected, such as local councillors and community councillors, will be via their individual Code of Conducts and in addition, there are fixed terms which give the community the opportunity to voice any concerns they have about how they are represented at the ballot box. Elected members also have a range of support frameworks in place to enable them to fulfil their roles and ensure good governance. A similar set up would be required for any other local decision making body put in place, including any inspection and audit requirements. While it is seen as desirable to have a more diverse set of decision makers than the range of diversity that might be returned through those elected positions, as a minimum there must be a similar standard of enforceable principles to adhere to that would apply to those selected by alternative methods.

We would also make the point that elected roles are the most democratically accountable for the reasons set out above. Therefore, it may be preferable to undertake targeted campaigning to those underrepresented groups, to encourage them to stand for election to a relevant community body. Clearly defined roles and responsibilities and terms of reference for each group will help with attracting people to those positions. That may be simpler where there is a group formed to respond to a single issue, or a series of interrelated issues, less so if proposals are to form one representative body for an indefinite period whose role might be to look at all community issues. The consultation is vague regarding the definition of "community."

Transparency of decision making will be crucial in terms of accountability. Public meetings in the truest sense should be a requirement for community bodies so that the community have the right to actively participate in discussions, or at very least attend a meeting to understand why certain decisions are being progressed on their behalf. However, public meetings cannot be the only method of engagement as it should not be the case that those who are most vocal about an issue are perceived to be the representative view to the detriment of what may be a silent majority.

Whatever model might be introduced in terms of local decision making, the vessel tasked with this must have a clearly defined procedures which set the purpose, parameters within which it will operate, membership (including how members of the community body are selected) and they must have the access to training and tools to allow them to actively demonstrate that they are listening and engaging with the communities represented.

The level of accountability is dependent on the level of ask. For example, existing public bodies operate within a statutory framework and when it comes to delivering services, there are a whole range of regulations to comply with. It is our view that any new community decision making body, who is charged with taking on the delivery of a service in the same manner as another public body, such as a local authority or NHS, should be subject to the same level of accountability. It is difficult to comprehend how a relatively loose/unincorporated community could be held to the same standards. Is there an acceptance of this by the Scottish Government? It would be useful to understand the type of democratic framework envisaged here.

7. Are community events a good way to involve local people in scrutinising progress and setting future direction?

We are of the view that community events are not the most effective means of providing relevant scrutiny and setting future direction. This assumes that everyone identifies as a 'community' and has the capacity and capability to attend events. Events have limited attendance and although there is always a feel good factor to events they do not meet equalities or exclusion. Engagement through a range of means to ensure diversity of thoughts and scrutiny and over a min of 3 months is needed to do this well.

It is our view that a better approach would be to seek advice from audit bodies such as Audit Scotland, Education Scotland, who are experienced in scrutinising spend of public money on outcomes – including processes of organisations and their ability to engage.

One of the challenges in setting future direction will be access to and willingness to be informed by data that highlights needs. Public bodies are driven by legislation and by needs assessments when designing services. Communities may be influenced more by desires than needs unless the data and analysis showing need is made available.

The decision making bodies will need to set goals and show their work towards these by measuring progress. They will need to keep clear financial accounts and have this looked over by an independent accountancy body. They will need to publish their accounts and have AGMs so that people can ask questions.

They will need to have ways that people in communities can contact them and routes for people to make complaints.

8. What other mechanisms would help achieve high levels of community participation in local decision-making processes?

Investment in the understanding of democracy through formal and informal training programmes, school subjects and better 'routes to become an elected member' apprenticeship programmes to encourage this as a valued career path. Increasing the knowledge, understanding and participation in the current system will enable better participation in decision making.

As mentioned in Q5 above, the independent review of Councillor Remuneration, which is one area that is cited as a barrier to recruitment, may assist in ensuring that moving forward the terms and conditions for councillors truly reflect their responsibilities, and encourage others to consider this role in local decision making.

It should be recognised as part of this consultation that many people do not have capacity to participate in decision making due to time with work and caring responsibilities and trust those who they locally elect to do so. There is also a need for investment in trusted online platforms and apps to enable full, safe, inclusive digital engagement. The work being carried out by Audit Scotland on Digital Exclusion and due for publication in 2024 will inform particular consideration of this. The answers to this question are best found by asking - why do people not participate now? And building solutions through the answers to this.

9. What else should this process include to provide new community decision-making bodies with a strong locally agreed mandate?

Argyll and Bute Council are not in support of the proposals being consulted on, however in terms of good practice we would suggest that the following is included within any locally agreed action plan should a decision be taken to implement:-

- Budget - overall and for individual outcomes / areas of work;
- Vision and timescales;
- Risk appetite and how much community is willing to lose by 'trying something' new;
- Impacts the plans will have on - jobs, people, environment etc...
- Clear agreement on employment status and the implications of being an employer.

- Communities receiving public and third sector support to develop a multi-year community action plan - this is a laudable aspiration and new resources, including multi year budgets, will be required to provide the desired level of support.
- Community action plans including a suite of powers to achieve their community vision – we are of the view that guidance will be required on what these powers are and how they can be accessed.
- With regards to using a process similar to Community Right to Buy to test whether people wanted to establish new decision making bodies, this will require the establishment of ballots which will require extensive guidance and resource and will need to be included as part of this endeavour.

- Argyll and Bute Council are currently in the start-up stage of a new initiative to develop area plans for all our areas reflecting investment opportunities and local service prioritisation. These will include natural and publicly recognised boundaries and will be a participative process. The plans will;
 - Capture community vision and aspirations for each area.
 - Reflect investment opportunities.
 - Identify local projects.
 - Whilst this process will not guarantee the provision of funding towards projects agreed within the plan, it will be orientated towards maximising external funding.
- The outcome of this process will be a locally agreed mandate.
- It would seem sensible for any new community decision making body to work closely with the Council and other local partners in the development of local action plans to ensure a joined up approach and to eradicate any duplication of effort.

10. Are there ways to ensure new bodies are still wanted – for example by making them time-bound and subject to renewal ballots?

Yes, it is our view that all new bodies should be time bound. For example, it could be recommended that an upper limit of 5 years is applied for elected positions, in line with current electoral cycles and the national standards/legislation for the delivery of an elective process.

It is also worth considering what the back up plan/safety net should be, in the event that any new community decision body fails to deliver on their agreed mandate.

11. How do you think community decision-making bodies should be resourced?

Adding in this additional tier of governance will be at a cost and this would need to be adequately resourced. Dependent on the remit of any new decision-making body and if there are budgetary decisions to be taken then there could be implications in terms of ensuring good governance and this, again, would incur extra costs. Making use of existing structures could offer a way to offer options for more community based decision-making but there would still be an additional resource implication, which would require to be funded centrally by the Scottish Government. Over and above the direct funding approach, another type of funding for any new community decision making body that requires to be given consideration to is seed funding.

Some good work has already been done in terms of the utilisation of participatory budgeting models, which involves the community in decision making, has budgetary powers and can in some cases be at little additional cost.

However they are resourced, there will need to be 'extra' money from somewhere as it will take an injection of funds to get them set up and in place. Why would they have light touch regulation when the examples show that they may take on services that are heavily regulated by public bodies? A supportive step in this for bodies such as councils would be to have lighter regulation now so as to ease pressures on constant reporting and enable more resource on service delivery.

We would query how this can be applicable to a whole system approach as identified by Argyll & Bute if the responsibility lands with local government to discharge – perception will remain local government. Likely requirement to need skilled capacity to discharge and address relevant governance.

The consultation document notes local fund raising which does not take account of the impact of the cost of living crisis and fuel poverty within a remote and rural area. This may be more easily facilitated in a highly populated area but there is limited economic potential where the financial challenge is already being felt.

12. Are these the right set of standards to provide reassurance that new community decision-making bodies will be effective and treat everyone with dignity and respect?

The most logical way forward would be for the members of any new community decision-making bodies to be subject to the existing ethical standards framework – namely the *Ethical Standards in Public Life etc. (Scotland) Act 2000*, and in particular, the Model Code of Conduct for Members of Devolved Public Bodies. This would hold the members of any new bodies to the same standards of conduct as are expected by councillors, and members of other public bodies. It would also mean that any alleged breaches of the Code would be subject to independent investigation by the Ethical Standards Commissioner, and adjudication by the Standards Commission for Scotland (with the legal powers to impose sanctions should a breach be established).

It necessarily follows that members of any new community decision-making bodies should be subject to the same standards of conduct of those operating in similar public bodies. Please refer to the points raised in Q6 in respect of accountability, which are also relevant here.

13. How could a charter be designed to best ensure a positive relationship between community decision-makers and their partners in national and local government and the wider public sector?

A Charter should set out the principles in which any new community decision making body would operate, but a Constitution (including a Scheme of Delegation and/or Standing Orders, where appropriate) may assist those bodies in carrying out their regular functions and recognising the scope/extent of their powers.

Such a Charter would have to clearly set out the limits of the decision-making powers that a new community decision-making body shall have, and the matters that are retained by existing partners, which the new body will require to collaborate with them in relation to. Any links to existing legislation/frameworks should therefore be made clear within the Charter.

To have a positive relationship, each body needs to have an understanding of what is expected of the other – in terms of both activity, outcome and behaviour. A process also needs to be set out in the Charter which states regularity of meetings and routes/mechanisms to resolve disputes - much like a service level agreement. However it would not be the Charter itself that ensures behaviour and positively, this will be based on the personalities and conduct of those involved. Therefore it would be very important for all members of bodies subject to the Charter to also be signed up to/have completed something like co-production training. This better enables a positive culture of working together where all are equally informed, and have a baseline skill level, of behaviours and ways of working.

It may be that the new body requires support from professional services in the Council (see Q2 above). A charter or service level agreement or contract could set out what would be provided and what the resourcing terms of that agreement are. The level of this support would be dependent on the aims, objectives and scale of the body's ambitions and activities.

It should be noted that Argyll and Bute Council already have adequate measures in place with community groups in respect of service delivery, for example via the use of Service Level Agreements and it is unclear what value a charter would add. This approach is continually adopted to ensure that the voting public are clear on what is being delivered by the local authority/others. For example, during the COVID-19 pandemic, in an environment when arrangements had to be progressed quickly, the Council were able to formalise arrangements and ensure a positive working relationship with our communities.

14. What types of support might communities need to build capacity, and how could this change the role of councils and public sector organisations?

It would be helpful to understand the scrutiny/evidence that exists which has identified the perceived gaps in ability to participate beyond current national guidance – is the requirement ad hoc? Do urban areas fair differently from rural and island communities? Do we need to tailor the approach/charter to acknowledge current activity? What are the impacts on delegated services and the requirement for professional advisory for safe services?

Building on the narrative provided in response to Q3 and Q4, different communities will require varying degrees of support and assistance in building capacity to enable any new tier of governance to operate well, if at all. As previously mentioned, some communities are very active and engage effectively, however there are others with a distinct lack of participation. This could lead to issues of inequality across different communities within Argyll and Bute – for example those communities that are better equipped will be able to leverage advantage from any new tier of local democracy, more than those that are less engaged/capable of doing so for whatever reasons (e.g. deprivation).

In order to address such issues, there will need to be significant resources/ funding to put in place capacity development support for any new community decision making bodies, and to aid the process for creating them in the first place, with focus being placed on those communities that may require additional assistance. In line with the response to Q15 below, extra community development staff and co-production monies will be essential.

The Council envisage a number of risks arising from the proposals as they stand, including:-

- Possibility that Councils will lose economies of scale and see other costs rise as a result;
- Additionally, there is a real risk that the Councils ability to respond to emergency situations would be adversely impacted.
- The proposals set out a role for Councils in terms of acting as mediators in community disagreements. Previous experience/cases of such disputes show that they require a huge amount of time to resolve. Councils are not suitably resourced to take on such additional duties.

15. Are there specific additional powers and resources which would help public sector organisations to work effectively in partnership with new community decision-making bodies?

Rather than “powers” in addition to current structures, the focus could be on enablement within the current legislation, guidance and structures and better use of key community assets and plans supported by a place based approach. This may also be more economically viable and sustainable. Community resilience planning could play a wider role here for remote and rural expanding physical resilience with ongoing community led capacity building and maximisation of current channels of effective two way communication.

Clarity about the different roles of the various bodies is an essential precursor to effective partnership working. This should set out clearly what the roles of each of these bodies - Local Government, Community Councils, Community Planning and the new bodies are. This must make it clear who is responsible for delivering what and how the bodies are expected to relate to and complement one another. This clarity will foster clear understanding and mutual respect which will facilitate effective partnership working.

If these proposals are to be adopted moving forward, there will be an additional resource/budget pressure on local authorities to support any new community decision making bodies in terms of training, navigating their new roles etc, therefore there is a need for more community development resource to support this extra work. In addition there will be a requirement for additional co-production monies to support the new roles.

The consultation documentation suggests that some of the principles of this piece of work is to (a) simplify the current arrangements, a notion that we dispute and would argue that the opposite is in fact true, and (b) to provide parity of approach across all public sector bodies, including any new community decision making bodies. If the latter is a vision then this is to be welcomed. However we would question what this means in terms of ensuring bodies are suitably accountable and are reporting to an appropriate standard – for example via inspections, audits and the wide range of other regulatory requirements that local authorities and others are currently subject to. Further information and clarity is sought in this regard.

16. Thank you for considering these questions. When sending us your views, please also tell us about anything else you think is important for us to know at this stage.

As mentioned throughout this consultation response, Argyll and Bute Council are opposed to the proposals as set out. They come at a time when there are a number of other significant programmes of public sector reform being progressed, such as the other strands of Local Governance Review (LGR) and the National Care Service (Scotland) Bill, both of which involve a review and potential changes to the powers of existing decision makers. With regard to the former it is understood that the COSLA position is that all elements of the LGR should be pursued in parallel, however this would not appear to be the case, with progress in other areas falling behind.

We also have concerns about how financially viable the proposals are, at a time when local authorities are having to make difficult budget cuts year on year. It is our view that implementation of the proposals would have further detrimental impacts on our budgets.

Overall, it is very difficult to ascertain the benefits here, as there would appear to be a potential for duplication of efforts/ double handling in terms of service delivery. During what is such a challenging time for local authorities and other public bodies it would seem sensible to strengthen and continue building on those structures already in place. The proposals have the risk of cluttering the landscape, increasing the likelihood of local conflict/polarisation and impacting negatively on already depleted resources/finances.

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/>

Please tell us who's views you represent:

- My own
- My organisation's
- My community conversation's

If you're an organisation who held a community conversation, please check the 'my community conversation' box

Full name or organisation's name

Argyll and Bute Council

Phone number

01546 604325

Address

Postcode

Email Address

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

ARGYLL AND BUTE COUNCIL
DEVELOPMENT AND ECONOMIC GROWTH

COUNCIL
22 FEBRUARY 2024

PROPOSED LOCAL DEVELOPMENT PLAN 2: SCOTTISH GOVERNMENT DIRECTION

1.0 EXECUTIVE SUMMARY

- 1.1 Proposed Local Development Plan 2 (as modified) (PLDP2) was submitted to the Scottish Ministers, as part of the Adoption process (as agreed by [Council on 28/09/23 – Item 14](#)). The aim of this Report is to advise the Council that, the Scottish Ministers have since issued a Direction (15th December 2023) requiring further modifications to PLDP2. (See Appendix 1). Therefore, in order to proceed with the adoption of Local Development Plan 2 the Council requires to demonstrate compliance with this Direction.
- 1.2 The need for further modifications to PLDP2 has arisen from new regulations, policies and targets. The modifications are considered necessary to:
- Ensure the LDP accurately reflects the current regulatory position in respect of mitigating the effects of aquaculture development.
 - Ensure the LDP takes account of the fact that National Planning Framework 4 (NPF4) has been adopted and that this replaces National Planning Framework 3 and Scottish Planning Policy.
 - Ensure the LDP accurately reflects the Climate Change (Scotland) Act 2009 net zero target.
- 1.3 The modifications raise no substantive issues and are welcomed for bringing the Local Development Plan 2 into better alignment with new national regulations, policies and targets.

RECOMMENDATIONS

It is recommended that Council:

- i. consider the further modifications proposed to PLDP2 by the Scottish Ministers in their Direction, see Appendix 1;
- ii. agree to the proposed modifications to PLDP2 and proceed to adoption;

- iii. agree that officers notify Scottish Ministers that the modifications are made and that LDP2 will be adopted on confirmation from Scottish Ministers that they are satisfied the modifications are duly made.

ARGYLL AND BUTE COUNCIL
DEVELOPMENT AND ECONOMIC GROWTH

COUNCIL
22 FEBRUARY 2024

**PROPOSED LOCAL DEVELOPMENT PLAN 2: SCOTTISH GOVERNMENT
DIRECTION**

2.0 INTRODUCTION

2.1 Proposed Local Development Plan 2 (as modified) has now been considered by the Scottish Ministers. This has resulted in the Scottish Ministers issuing a Direction on the 15th December 2023. This Direction requires further modifications to the plan before it can be adopted to take in to account new policies, regulations and targets. (See Appendix 1)

3.0 RECOMMENDATIONS

3.1 It is recommended that Council:

- i. consider the further modifications proposed to PLDP2 by the Scottish Ministers in their Direction, see Appendix 1;
- ii. agree to the proposed modifications to PLDP2 and proceed to adoption;
- iii. agree that officers notify Scottish Ministers that the modifications are made and that LDP2 will be adopted on confirmation from Scottish Ministers that they are satisfied the modifications are duly made.

4.0 DETAIL

4.1. The Proposed Local Development Plan 2 went through an independent Examination into unresolved issues with Scottish Government appointed Reporters in 2022/23. National Planning Framework 4 (NPF4) was published during the course of this Examination and this now forms part of the Development Plan for this area. The Examination was extended to allow the issues before the Reporters to be reassessed for alignment with NPF4. The Examination Report was received in June 2023.

4.2. The Council accepted all the modifications proposed in the Examination Report. Following this, the Proposed Local Development Plan 2 (as modified) (PLDP2) was submitted to the Scottish Ministers, as part of the Adoption process ([Council Paper 28/09/23 – Item 14](#)). The consideration by the Scottish Ministers

generally takes a 28 day period. However, this was extended by the Scottish Ministers to allow for further consideration of PLDP2 and a Direction was then issued on the 15th of December. This directs the Council to make further modifications to PLDP2. (See Appendix 1) prior to Adoption. Therefore, in order to proceed with the adoption of Local Development Plan 2 the Council requires to demonstrate compliance with this Direction to the Scottish Ministers.

- 4.3 The need for further modifications to PLDP2 has arisen from new regulations, policies and targets. The modifications are considered necessary to:
- Ensure the LDP accurately reflects the current regulatory position in respect of mitigating the effects of aquaculture development.
 - Ensure the LDP takes account of the fact that National Planning Framework 4 (NPF4) has been adopted and that this replaces National Planning Framework 3 and Scottish Planning Policy.
 - Ensure the LDP accurately reflects the Climate Change (Scotland) Act 2009 net zero target.
- 4.4 The modifications relate to: aquaculture in Policy 28 Supporting Sustainable Aquatic and Coastal Development; emissions target being updated; amendments to housing terminology to align with new national policy, including Policy 65, Tables 2 and 6, and Proposal F; and, other minor amendments – typographical and glossary. The changes are detailed in Appendix 1.
- 4.5 The modifications proposed in the Direction raise no substantive issues and are welcomed as they bring Local Development Plan 2 into better alignment with new national regulations, policies and targets. Accepting the modifications would allow the Council to Adopt Local Development Plan 2.

5.0 CONCLUSION

- 5.1 Following approval by Full Council in September 2023, PLDP2, as modified by the Reporters, was submitted to Scottish Ministers for approval prior to adoption. In December 2023, Scottish Ministers issued a direction to the Council, that it must make further modification to PLDP2, as detailed in Appendix 1, prior to adopting PLDP2. These modifications are considered un-substantive and will better align PLDP2 with NPF4. The report recommends Council agree to these further modifications so that PLDP2 can be adopted once Scottish Ministers have acknowledged they have been made.

6.0 IMPLICATIONS

- 6.1 Policy – Once Adopted, Local Development Plan 2 will be part of the Development Plan for Argyll and Bute (excluding Loch Lomond and the Trossachs National Park) alongside National Planning Framework 4. The planning authority, in the determination of planning applications, shall have regard to the provisions of the Development Plan, so far as material to the application, and to any other material considerations. The Adopted Plan contains the planning authority's policies, proposals and allocations.

- 6.2 Financial – None related to the Direction. However, the Adoption process has costs which were dealt with in the 28/09/23 Council paper.
- 6.3 Legal – The Adoption process is a statutory process. Once adopted the planning authority is required to have regard to the provisions of the local development plan as part of the Development Plan for the area, so far as material to the application, and to any other material considerations, in the determination of planning applications.
- 6.4 HR – None.
- 6.5 Fairer Scotland Duty:
- 6.5.1 Equalities - protected characteristics - None related to this Direction.
- 6.5.2 Socio-economic Duty – None related to this Direction.
- 6.5.3 Islands – None related to this Direction.
- 6.6 Climate Change – Direction brings LDP2 into alignment with current emissions target.
- 6.7 Risk – Failure to Adopt would result in i) lack of an up-to-date Plan which reflects current Policy issues; ii) reduced alignment of Policy with National Planning Framework 4 giving rise to uncertainty in the determination of applications; iii) reduction in efficiency in the planning application process. Failure to follow the statutory process correctly may open the Council to legal challenge.
- 6.8 Customer Service – None.
- 6.9 Rights of the Child (UNCRC) – None.

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

Policy Lead for Planning and Regulatory Support, Councillor Kieron Green

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APPENDICES

Appendix 1: Scottish Government Direction

Appendix 1: Scottish Government Direction

Table of modifications

Reference	Modification	Reason for modification
Paragraph 3.7	Remove reference to "effective" land supply	No longer part of national planning policy.
Paragraph 3.44	Replace "reduce emissions by at least 80% by 2045" with "reduce emissions to net zero by 2045"	Correcting an error.
Table 2	Remove reference to "effective" and "non-effective" sites	No longer part of national planning policy.
Policy 28	<p>Delete final paragraph "Proposals for new open cage/pen sites and the expansion of existing open cage/pen sites will only be permitted where there will be no adverse impact upon wild salmon using migratory routes. Where proposals are likely to impact wild salmon migratory routes, the operator must mitigate these effects through the implementation of an agreed Environmental Management Plan prepared in accordance with advice provided by Marine Scotland Science, NatureScot, and the Planning Authority."</p> <p>Replace with "Proposals for new open cage/pen sites and the expansion of existing open cage/pen sites will only be permitted where there will be no significant adverse impact upon wild salmon using migratory routes and where any impacts are suitably mitigated."</p>	To align with NPF4 and ensure that it does not become outdated as regulatory regimes change and once new national guidance on mitigation of relevant environmental concerns is issued.
Table 6	Remove defined Housing Market Areas and tenure split	Local Development Planning Guidance, May 2023 indicates that LDPs are no longer required to refer to Housing Market Areas and that the Local Housing Land Requirement should be all tenure.
Table 6	Remove reference to "effective" housing land supply.	No longer part of national planning policy.
Proposal F	Delete current text and replace with "The Council will work with	To take account of NPF4 policy 16 Quality Homes.

	developers, service providers and other partners to maintain a sufficient pipeline of deliverable housing land.”	
Policy 64	Delete additional “be” preceding “normally” in second line of text.	Correcting a typographical error.
Policy 65	Delete second bullet “they demonstrate that they will not result in a shortfall in housing land supply during the plan period.”	No longer part of national planning policy.
Appendix 1: Glossary	Delete entry pertaining to “Effective housing land supply”.	No longer part of national planning policy.
Appendix 1: Glossary	Delete entry pertaining to “Established housing land supply”.	There is no reference to “Established housing land supply” in the plan.
Appendix 1: Glossary	Delete entry pertaining to “Housing Market Areas”.	Subsequent to other modifications as listed above the plan will no longer reference “Housing Market Areas”.

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
ECONOMIC GROWTH****22ND FEBRUARY 2024**

HOUSING EMERGENCY – WORKER ACCOMMODATION PROPOSALS

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide information on worker accommodation proposals in areas of Argyll and Bute to enable essential services to be delivered to our communities and to request Strategic Housing Fund grants to support these proposals.
- 1.2 The report confirms the requirement for the Council to work with partners to enable innovative housing solutions on Coll, Tiree, Mull and in the Lorn area.
- 1.3 It is recommended that Council:-
- i. Approve a grant of £100,000 from the Strategic Housing Fund to enable 2 NHS properties on Coll to be brought back into use for HSCP staff delivering health and social care services on the island.
 - ii. Approve a grant of £160,000 from the Strategic Housing Fund to enable a Council owned property on Tiree to be brought back into use for HSCP staff delivering health and social care services on the island.
 - iii. Approve a contingency of up to £250,000 from the Strategic Housing Fund to enable the important first phase of delivering worker accommodation properties at Tobermory on Mull.
 - iv. Approve a grant or loan of £200,000 from the Strategic Housing Fund to enable the refurbishment of an ACHA owned 4 bedroom property in Lorn and enable accommodation for HSCP staff and staff contracted by the HSCP to deliver care to households in the community.
 - v. Delegate to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Executive Director with responsibility for Legal and Regulatory Support, the terms and conditions to be attached to any grant and / or loan agreement required as a consequence of this report.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
ECONOMIC GROWTH

22nd FEBRUARY 2024

HOUSING EMERGENCY – WORKER ACCOMMODATION PROPOSALS

2.0 INTRODUCTION

- 2.1 As the strategic housing authority for Argyll and Bute, the Council has a statutory duty to assess the need and demand for housing in the area and to ensure that any unmet need for housing is addressed through the Local Housing Strategy (LHS) and the Strategic Housing Investment Plan (SHIP).
- 2.2 The Council declared a housing emergency in June 2023. One of the main issues identified was the lack of worker accommodation in Argyll and Bute. If the lack of worker accommodation is not addressed there will be a serious impact on the general economy but more specifically there will be a risk that essential health and social care services will not be delivered in communities across the local authority area.
- 2.3 A housing summit took place in Oban on 27th November 2024. The 4 broad themes of the summit focused on the delivery of more market homes, the delivery of more affordable housing, the delivery of more workforce housing and how partners make best use of existing housing. The proposals in this paper will help to tackle the issue of delivering more workforce homes through a combination of making best use of existing housing and also delivering more affordable housing.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Council:-
- i. Approve a grant of £100,000 from the Strategic Housing Fund to enable 2 NHS properties on Coll to be brought back into use for HSCP staff delivering health and social care services on the island.
 - ii. Approve a grant of £160,000 from the Strategic Housing Fund to enable a Council owned property on Tiree to be brought back into use for HSCP staff delivering health and social care services on the island.
 - iii. Approve a contingency of up to £250,000 from the Strategic Housing Fund to enable the important first phase of delivering worker accommodation properties at Tobermory on Mull.
 - iv. Approve a grant or loan of £200,000 from the Strategic Housing Fund to enable the refurbishment of an ACHA owned 4 bedroom property in Lorn

and enable accommodation for HSCP staff and staff contracted by the HSCP to deliver care to households in the community.

- v. Delegate to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Executive Director with responsibility for Legal and Regulatory Support, the terms and conditions to be attached to any grant and / or loan agreement required as a consequence of this report.

4.0 DETAIL

Background: The Housing Situation on Coll

- 4.1 There are around 145 homes on the island, of which 25% are deemed ineffective in terms of meeting local needs, i.e. 34 are second/holiday homes and a further 2 are empty/long term unoccupied. In addition there are a number of short term holiday lets. ACHA and Trust Housing Association currently provide 16 properties for social rent; which amounts to only 11% of the total dwelling stock or 15% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.2 Affordability on the open market remains a significant issue for local residents. The average achieved house price achieved on Coll is £185,000 which would require a household income of £52,857 to be considered affordable. 62% of residents on the island cannot afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.3 Expressed demand for RSL housing is registered via the HOMEArgyll waiting list, and currently there are 10 active applicants with Coll as first or second area of preference. 7 of the 10 applicants have been awarded housing need points (HOMEArgyll Waiting List, December 2023). Turnover of social rented property has been low on the island resulting in a pressure ratio of 2 applicants to every allocation rising to 4 applicants for every allocation of a 1 bedroom property.
- 4.4 In March 2022 the HSCP in partnership with the Coll Collaborative Working Group published a Health and Social Care Needs Assessment. This document clearly outlines an expectation that there will continue to be a requirement for health and social care on the island. Due to the nature of the provision of such services in remote island location it is essential that the HSCP is able to provide accommodation for key workers.

Solution

- 4.5 The Strategic Housing Fund grant will enable the HSCP to bring 2 NHS owned properties back into use for HSCP staff or staff from other organisations contracted by the HSCP to deliver health and social care services on the island. The total cost of the project is £480 000. The HSCP will contribute £380 000 and the Strategic Housing Fund will contribute £100,000 (21% of the total project cost).

The project will result in a 2 bedroom property being brought back into use and also a 4 bedroom property being brought back into use – both for HSCP staff who would require accommodation on the island to deliver essential health and social care service.

Background: The Housing Situation on Tiree

- 4.6 There are around 560 homes on the island of Tiree, of which 36% are deemed ineffective in terms of meeting local needs i.e. 167 are second/holiday homes and a further 36 are empty/long term unoccupied. In addition there are a number of short term holiday lets. ACHA and West Highland Housing Association currently provide 40 properties for social rent; which amounts to only 7% of the total dwelling stock or 11% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.7 Affordability on the open market remains a significant issue for local residents. The average achieved house price on Tiree is £227,500 which would require a household income of £65,000 to be considered affordable. In fact the average house price is nearly 6 times the average household income. On that basis, around 80% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.8 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 22 active applicants with Tiree as first or second area of preference. 18 of the 22 applicants have been awarded housing need points (HOMEArgyll waiting list December 2023). Turnover in the social rented stock has been low to nil in recent years resulting in a pressure ratio of 9 applicants to every allocation of social housing.
- 4.9 The HSCP has set up an Islands Strategy Working Group to gather information in health and social care on the islands and a Tiree medical practice analysis of out of hours activity report was produced in August 2023. This revealed a high level of calls and required responses by health and social care. There is a clear requirement to provide accommodation for health and social care workers on the island. In addition a recent housing needs report published in June 2023 concluded that Tiree in common with many rural areas in Scotland has a significant shortage of affordable housing which is negatively impacting the community's and local businesses economic and social sustainability.

Solution

- 4.10 The Strategic Housing Fund grant will enable the HSCP to remodel an existing property at the Tigh a Rudah Care Home on Tiree and create a worker accommodation property which will make it more attractive for visiting health and social care staff to work on the island. The re-modelling of the property will deliver two ensuite bedrooms with a shared lounge/kitchen area. The Strategic Housing Fund contribution of £160,000 will complement the capital contribution of £44,000 in relation to roof works already completed.

Background: The Housing Situation on Mull

- 4.11 There are around 1870 homes on the island of Mull of which 16% are deemed ineffective in terms of meeting local needs i.e. 200 are second/holiday homes and a further 98 are empty/long term unoccupied (Council Tax Records December 2023). In addition there are a number of short term holiday lets. ACHA, West Highland Housing Association and Trust Housing Association currently provide 236 properties for social rent which amounts to only 13% of the total dwelling stock or 15% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.12 Affordability on the open market remains a significant issue for local residents. The average achieved house price on Mull is £233,864 which would require a household income of £66,818 to be considered affordable. As a result at least 76% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.13 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 112 active applicants with Mull as first or second area of preference. 68 of the 112 applicants have been awarded housing need points (HOMEArgyll waiting list December 2023). Turnover in the social rented stock has been low in recent years resulting in a pressure ratio of 4 applicants to every allocation of social housing.
- 4.14 The Council has worked closely with Mull and Iona Community Trust to establish the requirement for worker accommodation to support the general economy of the island. MICT published a Mull and Iona Key Worker Housing study in 2022 which demonstrated a clear requirement for worker housing after consultation with local businesses. This was followed up by the publication of a Worker Accommodation Economic Impact Assessment in March 2023 which concluded that a shortage of accommodation on Mull and Iona has created a major constraint on the economy.

Solution

- 4.15 The Council has agreed as part of the Rural Growth Deal to deliver worker accommodation on Mull. A Council owned site has been identified at Rockfield Road, Tobermory and the intention is to deliver 4 properties for workers on the island through the Rural Growth Deal as a first phase of developing the site. The Council has secured £700k Island Infrastructure funding from the Scottish Government (and an additional £100k from Crown Estate Funding and Place Based Investment Fund) to assist with the design and infrastructure works for the whole site which will ultimately deliver 12 properties for workers in a phased manner. A condition of this grant is that a contract for the first phase of infrastructure work is agreed by 31st March 2024. The tendering process is currently under way. There is a marginal risk, particularly in view of the recent experience of high Island construction costs, that the tenders which are received for the works are above the level of grant award. In this instance unless that

potential gap cost can be covered, it would not be possible to award a contract within the due date, and the grant funding could be lost. To mitigate this risk it is recommended that a contingency for this project of up to £250,000 from the Strategic Housing Fund be agreed, to be used in the eventuality outlined above. Were this grant to be utilised, it is considered likely that it could be recovered from the Rural Growth Deal funding at a later date. The grant from the Strategic Housing Fund is an important contingency to ensure continued progress in delivery of this phased housing project which is vital to provide worker accommodation and tackling the housing emergency.

Background: The Housing Situation in Lorn

- 4.16 There are around 9080 homes in the Lorn area of which 11% are deemed ineffective in terms of meeting local needs i.e. 452 are second/holiday homes and a further 506 are empty/long term unoccupied (Council Tax Records December 2023). In addition there are a number of short term holiday lets. ACHA, West Highland Housing Association and LINK Housing Association currently provide 1709 properties for social rent which amounts to 19% of the total dwelling stock or 21% of the occupied stock (RSL Annual Returns 2023). This is below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.17 Affordability on the open market remains a significant issue for local residents. The average achieved house price in Lorn is £186,410 which would require a household income of £53,260 to be considered affordable. As a result at least 75% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.18 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 589 active applicants with Lorn as first or second area of preference and have been awarded housing need points (HOMEArgyll Waiting List December 2023). The demand for social rented stock in recent years has resulted in a pressure ratio of 3 applicants to every allocation of social housing.
- 4.19 The Council has recently appointed an Empty Homes Officer to focus on bringing empty properties back into use for accommodation for HSCP workers. Initial work with HSCP has identified a pressure in the Lorn area. A shortage of workers to deliver health and social care in the community is putting the hospital under pressure as patients cannot be discharged back to their homes due to a lack of care provision.

Solution

- 4.20 The Empty Homes Officer has worked with Argyll Community Housing Association (ACHA) to identify an empty 4 bedroom property in the Lorn area. The grant or loan from the Strategic Housing Fund will enable this property to be brought back into use as a Housing of Multiple Occupation for the exclusive use of health and social care workers. There is an estimated £250,000 of work

required to bring the property up to standard including roof replacement and a new heating system. The Strategic Housing Fund will contribute a grant or loan of £200,000 to the project and ACHA will contribute the rest of the costs.

Strategic Housing Fund

- 4.21 The closing balance of the Strategic Housing Fund in 2023 was £10.1m as shown in the table below which was reported to Council 29th June 2023.

	Opening Balance at 1 April 2022 £m	Income 2022-23 £m	Expenditure 2022-23 £m	Closing Balance at 31 March 2023 £m
Earmarked Balance in General Fund	6.592	2.231	1.574	7.248
Useable Capital Receipts Reserve	2.878	0.057	0.000	2.935
TOTAL	9.470	2.288	1.574	10.183

- 4.22 It can be seen from the table below that there is an estimated surplus in the SHF over the next five years and Council could give consideration as to how this could be used to support the housing emergency that has been declared including the requests within this report which will make a valuable contribution to tackling identified needs for worker accommodation in the short term.

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Opening Balance	7.248	5.840	4.670	3.968	3.252
Estimated Income - Second Homes	2.230	2.230	2.230	2.230	2.230
Expenditure					
SHIP Profile	(2.136)	(2.964)	(2.484)	(2.484)	(1.404)
Outstanding Commitments	(1.079)	0.000	0.000	0.000	0.000
Staffing Contribution	(0.423)	(0.435)	(0.448)	(0.462)	(0.476)
Estimated Closing Balance	5.840	4.670	3.968	3.252	3.603

- 4.23 Officers are undertaking an assessment in regard to subsidy control issues and this will be completed and issues addressed prior to issuing any third party grant or loan approved by this paper.

5.0 CONCLUSION

- 5.1 The Council is asked to approve the recommendations set out in Section 3.1 based on the evidence supplied within this document with the purpose of enabling the delivery of worker accommodation on Coll, Tieve, Mull and the Lorn area which

will enable the phased delivery of 20 worker accommodation properties. The Strategic Housing Fund was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy and the requirement to address the shortage of worker housing is not only identified within the Local Housing Strategy but has emerged as a key priority in addressing the Housing Emergency which was declared in Argyll and Bute in June 2023.

6.0 IMPLICATIONS

- 6.1 Policy - The proposal is consistent with current Council policy including the SHIP which supports the Local Housing Strategy vision and outcomes which are directly aligned with the overarching objectives of the Outcome Improvement Plan, in particular Outcome 2 – we have infrastructure that supports sustainable growth. The proposal does exceed the delegated Officer approval for the use of the Strategic Housing Fund to enable the delivery of affordable housing which is £12,000 per unit.

The Council declared a Housing Emergency in June 2023 and 1 of the 4 main areas of concern was the lack of accommodation for workers. The proposals in this paper address this issue and enable the Council to work with partners to deliver increased accommodation options both on the mainland and on the islands in the short term.

- 6.2 Financial - There are sufficient funds in the Strategic Housing Fund to support the proposal as articulated in paras 4.21 & 4.22 and an assessment of Subsidy Control is being undertaken.
- 6.3 Legal - None.
- 6.4 HR – Early engagement with NHS and Council HR colleagues indicate need and demand for worker accommodation in the 4 areas of the local authority identified in this report. Workforce planning with HSCP and within Council Services has identified difficulties in recruitment directly due to lack of available and suitable accommodation.
- 6.5 Equalities (Fairer Scotland Duty) - The proposals are consistent with aims and objectives set out in the local housing strategy, which is subject to an EqSEIA.
- 6.5.1 Equalities – protected characteristics - There are targets set within the SHIP to deliver housing which meet the needs of specialist groups
- 6.5.2 Socio-economic Duty - The delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all.
- 6.5.3 Islands - The Housing Needs and Demand Assessment process takes full account of housing need on the islands. This proposal will enable the delivery of affordable housing in remote, fragile island communities within the local authority area.

- 6.6 Risk - Risk assessment is an integral part of each affordable housing development. The risk of not approving the Strategic Housing Fund request contained in the report is that the 20 worker accommodation properties in Lorn and the Isles will not be delivered.
- 6.7 Climate Change: The improvement and refurbishment work carried out the properties detailed in this report will improve energy efficiency with an ambition to deliver the properties to the current Energy Efficiency Standards for Social Housing.
- 6.8 Customer Service - The proposals will deliver increased access to a range of suitable, affordable housing options.
- 6.9 Rights of the Child (UNCRC) – None.

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

Councillor Robin Currie, Policy Lead for Strategic Development

February 2024

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ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER SUPPORT SERVICES****22 FEBRUARY 2024**

COUNCIL ANNUAL REPORT 2022/23

1.0 HEADLINES

This report presents to Council the Council Annual Report (CAR) 2022/23.

2.0 RECOMMENDATIONS

2.1 Council are asked to note the content of the CAR 2022/23 and the wide-ranging examples of exceptional service delivery prior to publishing on the website.

3.0 DETAIL

3.1 The Performance Excellence Project commenced in September 2020. Two outcomes of the project were the frequency of performance reporting and the number of indicators reported at Strategic Committees.

Historically a 6-Month Council Performance Report has been presented to the Audit and Scrutiny Committee (ASC). This 6-Monthly report contained Council-wide performance and has now been incorporated into the Council Annual Report.

Additionally, Quarterly Performance Reports were presented to each of the Strategic Committees. These Performance Reports presented the indicators within Service Plans. These indicators also became known as our Key Performance Indicators.

For 2022/23 the indicators within Service Plans were replaced with a suite of 47 Corporate Outcome Indicators (COIs), the majority of which are annual measures. As a result Performance Reports containing indicators have not been presented to the Strategic Committees during 2022/23.

The CAR 2022/23 therefore pulls together the strategic elements contained in the 6-Monthly reports and details the performance of our 47 Corporate Outcome Indicators.

3.2 The CAR 2022/23 largely pulls information together from the Service Annual Performance Reviews which illustrate, through case studies, some of the Success and Challenges that Services faced during 2022/23. Within the CAR are many examples of the exceptional efforts, the innovative solutions and seamless joined-up working within the council, with our partners and with communities that occurred during

this period.

This year Consultations are not listed in the CAR 2022/23, however, a link is provided in the report to take the reader to the specific section on the Council website.

3.3 The CAR 2022/23 is a key document for the Councils statutory Public Performance Reporting (PPR) duties. As in previous years' the CAR has been posted on the website in pdf format. A short summary of the CAR will also be posted in a web page format. This summary will contain a link to the main report and will comply with The Public Sector Bodies Accessibility Regulations came into force in 2018.

3.4 It should be noted that two Corporate Outcome Indicators presented in the report have commentary or data missing. This is due to timing of the data release and is anticipated that wherever possible this will be resolved prior to publication.

3.5 The CAR is presented by Corporate Outcome in the following order –

- Forewords
- Cross-cutting Strategic Activity including our Challenges
- Our Performance
- Our Successes – Examples of Service Delivery by Corporate Outcome

3.6 The CAR 2022/23 contains 65 pages, the previous years' CAR contained 43 pages. This in itself gives an indication of the continuing volume of case studies and examples of outstanding achievements.

4.0 CONCLUSION

4.1 Council are asked to note the content of the CAR 2022/23 and the wide-ranging examples of exceptional service delivery prior to publishing on the website.

5.0 IMPLICATIONS

- | | | |
|-------|----------------------------------|---|
| 5.1 | Policy: | The publication of this report is an activity within our Performance and Improvement Framework. |
| 5.2 | Financial: | None |
| 5.3 | Legal: | Production and publication complies with our Statutory Public Performance Reporting Duties. |
| 5.4 | HR: | None |
| 5.5 | Fairer Scotland Duty – see below | |
| 5.5.1 | Equalities: | This report provides a summary of corporate performance and any equalities impacts are available from the specific Services. Publication complies with The Public Sector Bodies Accessibility Regulations 2018. This report is available in alternative formats upon request. |

- 5.5.2 Socio-economic: None
- 5.5.3 Islands Duty: None
- 5.6 Climate Change: This report highlights examples of how the Council is committed to, and working towards net zero.
- 5.7 Risk: None
- 5.8 Customer Service: This report provides a balanced overview of the Council's performance, challenges and risks for the reporting period as well as examples of cross-cutting improvement activities.
- 5.9 The Rights of the Child (UNCRC): This report highlights examples of how the Council is committed to, and working towards reducing child poverty and improving outcomes for every child.

Robin Currie
Leader of the Council

Pippa Milne
Chief Executive

For further information contact:
Jane Fowler
Head of Customer and Support Services

APPENDICES

Appendix 1: Council Annual Report 2022/23_Final
Appendix 2: Summary Council Annual Report 2022/23_Final

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Council Annual Report

2022 - 2023

Contents

Forewords	6
Leader of the Council	6
Chief Executive	7
Financial Statement	7
Cross-cutting Strategic Activities	8
Changing How We Work – Our Change Programme	8
Working Together To Alleviate Child Poverty	9
Rural Growth Deal	10
Climate Change	11
Best Value Improvement Action Plan 2020-2023	12
Audit Recommendations	12
Strategic Risk Register	12
Operational Risk Register	13
Significant Challenges	13
Complaints	17
Absence	17
Quality Conversations	20
Our Performance	20
Our Corporate Outcomes	20
Performance Management Improvements	21
Delivering On Our Outcomes - Corporate Outcome Indicators	21
How We Compare Nationally – Local Government Benchmarking Framework (LGBF)	22
Delivering Our Outcomes - Key Successes by Corporate Outcome	23

Corporate Outcome: People live active, healthier and independent lives	23
Supporting people to deal with their financial problems.....	24
Helping People Into Work	25
Corporate Outcome: People will live in safer and stronger communities.....	26
Keeping People Safe	27
A safer place to live, work and visit	27
Supporting Our Community Councils	28
Community Organisations Received Capacity Building Support.....	28
Building Standards achieves maximum 6-year licence.....	29
Short-term Lets	29
Welcoming Ukrainian Refugees	29
Covid Recovery Strategy	30
Providing Support for All Our Learners.....	32
Nurturing and Supporting our Young People.....	32
My Tribe Period Product Provision	33
Award winning School Meals Service.....	34
Corporate Outcome: Education, skills and training will maximise opportunities for all	34
Increasing Attainment at the 1 st Level	36
Digital Support for Schools and Learners.....	37
Supporting Learners to Realise Their Potential	37
Leavers Positive Destinations	37
Rural Growth Deal – Skills and Training Programmes for Local People	37
Carbon Literate Organisation (CLO) Bronze Status	38
Corporate Outcome: Our economy is diverse and thriving.....	38
Economic Growth.....	41

Supporting the Economic Recovery and Our Communities	41
Business Start-Ups and Support – Two Case Studies	43
Mitigating the Delays for Taxi Licencing	44
Generating Income for the Council.....	44
Rural Growth Deal – Two Projects Growing Visitor Numbers	45
Rural Growth Deal – Mull Housing Pilot	46
Clyde Engineering and Innovation Cluster	46
West Coast Unmanned Aerial Vehicle (UAV) Logistics and Training Hub	46
Corporate Outcome: We have an infrastructure that supports sustainable growth	47
Flood Protection and Marine Works	48
Piers and Harbours	50
Land Based Developments	52
Deliver the ICT and Digital Strategy Action Plan - Our aims	56
Microsoft365 (MS365).....	56
ICT Partnership Working.....	56
New Ways of Working with ICT and Data.....	57
Capital Investment and Central Repairs Delivered	57
Helensburgh Waterfront Development	57
Our Workspace – Reducing Costs and Increasing Efficiencies	58
Carbon Emissions Relating to Council Activities	58
Rural Growth Deal – Islay Low Carbon Project	58
Corporate Outcome: Getting It Right.....	59
Responding to our Customers on Time	61
Increasing the Use of our Website and Self-Service Tools.....	61
Improving Our Customer Service	62

Supporting our Community Councils.....	63
Local Government Elections and Supporting New Elected Councillors	63
Looking After our Financial Assets.....	64
Retaining Our Skilled Workforce	64
Consultations – We Asked, You Said, We Did.....	64

Forewords

Leader of the Council

Scottish councils are living in interesting times, as the saying goes – and that has been the case for the past decade and more. Climate change; well-documented financial challenges; the ongoing reverberation of the impact of Covid; living costs; adapting to evolving national priorities; community aspirations and ambitions; these are just a few of the major shifts and challenges which Scottish local government has to contend with.

I am not, though, going to say that Argyll and Bute is no different – because we are different. We do indeed have the same larger-scale issues to face, but we must also do so in the context of our uniqueness – our mix of remote, rural and island communities, interspersed with some larger towns, the likes of which few other public agencies have to deal with.

And, for Argyll and Bute, there are some characteristics which remain constant and which give us the ability to evolve, to innovate, to learn, to improve, to respond, to take action, to prepare, even when so much of the local government landscape around us is shifting at pace.

In this Annual Report for Argyll and Bute Council, 2022/23, you will find more about these hallmarks of Argyll and Bute Council's approach, and how they are helping us to make the most of new opportunities and deal with existing and emerging challenges.

Our track record in efficient financial management has, yet again, allowed us to continue to invest in the key areas of council business which mean the most to our communities and help us to secure success now and in the future. At the same time, we have been able to minimise the impact on jobs and services. The sterling efforts of our dedicated, agile, committed workforce are key in all of this and none of it would be possible without them.

No council can resist change – but here in Argyll and Bute we are working hard to make change work for our communities who depend on our core services. We rely on our proven strengths – like good partnership working and financial prudence – and we strive for improvement, making space to learn and ensuring we stay flexible and innovative in such a rapidly changing national environment.

This latest Annual Report highlights many of the success stories we have been able to tell over the last year, about why Argyll and Bute is such a great place to live, to work, to do business, to be. It sets the scene for our continued growth and improvement in years to come – and building on what we've achieved this year increases our determination, our drive, our ambitions for Argyll and Bute's future success.

Councillor Robin Currie

Leader, Argyll and Bute Council

Chief Executive

It is with pleasure that we present the Argyll and Bute Council Annual Report for the financial year 2022/23. This report provides overview of your council's activities, achievements, and challenges over the past year. As we navigate through the evolving landscape of local government and strive to meet the needs of our diverse and vibrant communities, this document offers transparency into our actions and progress toward the collective goals we have set for the region.

The past year has been marked by unprecedented challenges, from the cost of living crisis to economic uncertainties, and through-out this it has been a time of resilience, adaptation, and innovation for Argyll and Bute.

In this report we provide examples of our progress against objectives and outcomes and these efforts would not have been possible without the dedication of our council members, employees, and the active engagement of our community members.

As we move forward into the next year, we acknowledge that our work is ongoing. Challenges persist, and new opportunities continue to emerge. Yet, with the same determination and collaborative spirit that has defined our council, we remain steadfast in our dedication to building a stronger, more inclusive, and sustainable future for all who call Argyll and Bute home.

We invite you to explore this annual report and gain insights into our journey over the past year. Your feedback and support are crucial to our success, and we look forward to continued engagement as we work together to create a brighter tomorrow for Argyll and Bute.

Pippa Milne

Chief Executive, Argyll and Bute Council

Financial Statement

In 2022/23 the budget gap was £2.221m, prior to any measures to balance the budget, rising to over £37m over a five year period, with decisions made to bridge the 2022/23 gap, reduce future year pressures and protect vital services.

Furthermore, when agreeing the 2022/23 budget, the Council committed investment in key Council priorities including:

- £2.653m to undertake improvements and repairs to the Roads network
- £1m to help safeguard and support future funding for Argyll and Bute's Learning Estate Investment Programme
- £0.500m investment in Climate Change Projects
- £0.500m for active travel through further improvements of footpaths and supporting safer routes to schools.
- £0.300m to deliver a programme of street lighting
- £0.165m investment in third party organisations who support our Communities

- £0.100m invested in a litter bin replacement programme
- £0.100m to support Staycation investment

Over the course of 2022/23 the Council allocated over £4.3m to Council Tax accounts to support people through the cost of living crisis, awarded nearly £18m of non-domestic rates reliefs to support local businesses, paid almost £660k in Scottish Welfare Fund grants to support vulnerable people and over £800k of Discretionary Housing payments were distributed to households in need. During the year the Council also continued to pay grants to cover food and fuel for people in poverty and successfully referred them for support to advice agencies resulting in maximised benefit income and reduced fuel costs of over £2.5m by the end of the 2022/23.

Cross-cutting Strategic Activities

Changing How We Work – Our Change Programme

‘Connect for Success’ is our change programme that’s all about us working easily and effectively together, and by doing so - making it easier for us to deliver what’s needed of us. Years of multi-million pound budget cuts have made it more and more difficult for councils to deliver services and support their communities. We are developing new ways of working together that make it easier to get things done. In brief, it means that we share knowledge, effort and resources to do the best job possible for and with our communities.

There are 7 principles to the Connect for Success Programme

1. One Council One Place Approach - working with other public sector agencies and our communities to get the most from our resources.
2. Purpose and Mission Focus – we have limited resources, we need to carefully match our decisions to the council’s overall vision.
3. Employee empowerment - our employees have great skills and experience, we’re making it easier to work effectively.
4. Data and evidence driven decision making - we will use data and customer feedback to do more of what works well and change what doesn’t.
5. Learning Council - we are improving how we work by learning and using lessons from previous experience.
6. Agile – to we have decision-making and related processes that make it easy to put effective change into action.
7. Maximise opportunities that technology offer - we use technology to enable, support and progress our work.

The following are some examples of Connect For Success in action:

- One Council One Place Approach - we have set up a Community Engagement Group that is setting out expectations for working with our communities in designing services.
- Data and evidence driven decision making - we have set up a Data Group to produce customer insight from data across the council that we can use to develop services.
- Maximise opportunities that technology offer – we are implementing one system to replace three HR systems.

We are also embarking on a series of self-assessments to identify priorities for redesigning services. Pilots of the process are currently underway. These will be reviewed prior to a decision on formal adoption or any adaptations to the pilot process.

Working Together To Alleviate Child Poverty

Alleviating Child Poverty is one of the council's top priorities. We have been looking at innovative ways to combine data from multiple sources, both from within and outside the council. This enables us to better direct financial advice and guidance to households and communities to help them apply for and receive the benefits, grants and allowances available to families. We are engaged with the Improvement Service and in particular their Rural and Island Child Poverty Support Group. During the course of 2022/23 our work with the Improvement Service focused on the following three work-streams:

- Engaged with a research body called SAVVI (Scalable Approach to Vulnerability Via Interoperability). Following this engagement we lobbied national agencies such as the Department of Work and Pensions (DWP) and Social Security Scotland (SSS) to allow us to re-use their data, which in turn enabled us to support vulnerable families.
- Developed a data model that enables us to identify the communities where the uptake of some benefits is lower than other communities.
- Seek funding from external sources to explore the option of 'buying' commercial datasets. This will enable us to enhance what we can tell from data about the needs of our communities.

We began working with the Improvement Service to incorporate the council's Revenues & Benefits data into this modelling, and also to explore the data in much more detail, such as school catchment level. This makes coordinating support easier and more accurate, rather than looking at data at a higher level where unmet need can be missed.

Progress is ongoing for each of these work-streams, which will further improve our activities to encourage uptake of benefits, grants and allowances. Alongside this we are monitoring the impact of this work over time as we aim to see uptake in these targeted areas improve.

This activity is a clear example of our 'Connect for Success' Change Programme, in which Principle 4 seeks to focus on enabling data and evidence driven decision making.

Rural Growth Deal

The Rural Growth Deal (RGD) will deliver £70m of investment across Argyll and Bute for projects that act as a driver for transformation and inclusive economic growth. Throughout 2022/23 we have been working to progress the outline business cases required for the signing of the Full Deal Agreement. To date 4 outline business cases have been submitted to Government with a further 7 nearing draft completion. We plan to submit all remaining business cases to Government in 2023 and we are working towards signing the Full Deal Agreement in this financial year. Following the deal signing we will enter year 1 of delivery.

Specific outline business cases are mentioned at appropriate points throughout this report.

The 4 outline business cases that have been submitted to government are:

- Kintyre Seaports
- Marine industry training centre – UHI Argyll college are leading on this business case
- Clyde engineering and innovation centre
- Oban UAV hub

The 7 outline business cases that are nearing completion are:

- Rothesay pavilion
- Islay low carbon project
- Outline business case for housing on Islay
- Outline business case for housing on Mull
- Seaweed and shellfish innovation centre (SAMS)
- Machrihanish campus (linked with Stirling university)
- Rural skills accelerator programme (Outline business case contains 3 projects)

The website also has a specific Question and Answer section which you can access from this link [Rural Growth Deal - questions and answers | Argyll and Bute Council \(argyll-bute.gov.uk\)](#)

We also post regular project updates on the website which you can access from this link [Rural Growth Deal | Argyll and Bute Council \(argyll-bute.gov.uk\)](#)

Climate Change

The Council has a statutory duty to report on its emissions and climate action via the annual Public Bodies Climate Change Duties (PBCCD) Report.

Regular update reports are presented to the Council's 6-weekly Climate Change Board which provides governance, oversight and discusses progress and action.

The PBCCD Report for the year 2022/23 confirms that the Council's total carbon emissions is 26,512 tonnes of carbon dioxide equivalent (tCO₂e). This represents a reduction of 1,705 tCO₂e on total emissions for the previous year. Reductions are confirmed across Scopes 1, 2 and 3 emission sources.

The following is an explanation of the Scopes

- Scope 1 emission sources are direct emissions generated by an organisation itself. Examples include energy and fuel used in running boilers, and burning fuel in non-EV fleet vehicles.
- Scope 2 emission sources are emissions that an organisation causes indirectly, and comes from where the energy it purchases and uses is produced.
- Scope 3 emission sources includes emissions that are not produced by the organisation itself, but by those indirectly responsible up and down its value chain.

Projects delivered by the Council that have contributed to the reduction in emissions include:

- LED Streetlight Replacement programme
- Solar PV and LED lighting installations at Council assets
- Installation of low carbon heating systems (e.g. air source heat pumps)

Additionally, the Council's Home Energy Efficiency Team provides grants to homeowners and private-rented tenants to improve home insulation. This is via the Scottish Government's Energy Efficient Scotland: Area Based Scheme.

The Council's annual Public Bodies Climate Change Duties Reports for previous years are available to the public via the Sustainable Scotland Network website <https://sustainablesotlandnetwork.org/reports/argyll-and-bute-council>

Best Value Improvement Action Plan 2020-2023

The Best Value Improvement Action Plan is now complete. Our Annual Audit Report from Audit Scotland in November 2022 concluded that the Council has an appropriate and effective best value framework in place and continues to make good progress addressing the recommendations in Best Value Assurance Report 2020.

The Improvement Action Plan was broken down into 5 themes:

Theme 1 - Develop the transformation agenda, supported by an affordable and achievable medium to longer term financial strategy.

Theme 2 - Improve performance management reporting to provide a balanced picture of long term trends in performance against targets.

Theme 3 - Increase the pace of transformational change to deliver the business outcomes.

Theme 4 - Assess the extent to which regeneration and economic development initiatives are delivering the vision and corporate outcomes.

Theme 5 - Work with communities and community groups to improve engagement.

Delivery of the 5 themes was through 36 actions. Full detail of the actions can be found on the council website [Best Value Improvement Action Plan - Audit and Scrutiny Committee, 16/03/2023](#)

Audit Recommendations

An essential element of the work undertaken by Internal Audit is to monitor and assess whether recommendations relating to its findings, and that of external audit, have been implemented by management of the Council. As part of the regular monitoring of progress, audit recommendations are reported quarterly to the Strategic Management Team and actions to complete them are recorded and allocated to the responsible officers. Supporting evidence is required from the responsible officer before being assessed by the auditor making the recommendation.

Strategic Risk Register

The Strategic Risk Register (SRR) details significant challenges faced by the Council and the agreed approaches to manage them in the context of risk mitigation. These challenges can be cross-cutting across all areas of the Council, although some are very specific to a service function and tend to be long-term in nature. They each have specific interventions, subject to scrutiny at Strategic Committee Level and kept under formal review bi-annually, although the SRR can be reviewed in the intervening period should matters need to be placed on the register by the Council's Strategic Management Team. A formal report is prepared on an annual basis by the Chief Executive on risk management and is reported to the Council's Audit and Scrutiny Committee.

Currently the SRR has 14 risks in total. Four are red, seven are amber and the remaining three are green.

The four red risks relate to: 1) Population, External Infrastructure and Economic Decline, 2) Waste Management, 3) Cyber Security 4) Lack of Housing Availability.

The seven amber risks relate to 1) Condition and suitability of Infrastructure & Asset Base, 2) Financial Sustainability, 3) Governance and Leadership, 4) Engagement and Understanding the needs of the Community, 5) Health and Social Care Partnership, 6) Cost of Living Crisis and 7) Impact of Climate Change.

The three green risks relate to 1) Service Delivery, 2) Civil Contingency and Business Continuity, 3) Welfare Reform.

Operational Risk Register

Separate from the Strategic Risk Register we monitor Operational Risks. These largely relate to a direct impact on service deliver. Our Operational Risks are categorised into Red, Amber and Green. Key actions have been agreed to address all risks in the Operational Risk Register.

All of our Red Operational Risks are summarised here with some mentioned in more detail in our Significant Challenges section of this report below.

Executive Director Kirsty Flanagan has eleven red risks which relate to: 1) maintaining the road network for both condition and safety particularly vulnerable coastal locations, 2) non-compliance for maintaining vehicles through legislation, 3) the lack of suitable candidates particularly for routine road repairs and grass cutting on the islands where there is a lack of suitable accommodation, 4) the revaluation of buildings for non-domestic rates by the assessor, 5) the impact of Covid on environmental health enforcement with limited budgets, 6) availability of suitable temporary accommodation and housing support, 7) extreme localised weather causing loss of bridge, culvert, road or sea defence, 8) increased Winter maintenance on our roads, 9) implications of the biodegradable municipal waste landfill ban, 10) aging bridges and retaining walls requiring investment, and finally 11) the risk of cyber security breaches and attacks.

Executive Director Douglas Hendry has six red risks which relate to: 1) unavailability of capital funding for the delivery of significant projects, 2) increasing utility costs, 3) delivery failure of school kitchen supplies, 4) capital investment to keep buildings safe and operational, 5) capital receipts targets not being met, and finally 6) not satisfying the compliance conditions of all external funding to the Council.

Significant Challenges

As well as our Strategic and Operational Risk Registers, we face some day-to-day that can impact on service delivery. Here we summarise these challenges.

1. Staff Recruitment

Challenge - There is a national shortage of qualified professionals, specifically environmental health officers, building standards surveyors and qualified planning professionals. We also experience difficulties in recruiting and retaining staff for posts in the catering, cleaning and some areas of

our Roads and Infrastructure Service. This places significant pressure on staff and reduces the capacity and resilience of teams. In turn the ability to competently deliver services and our statutory duties is put under considerable strain.

Action - Various actions have been implemented to help mitigate these challenges. These include reprioritising workloads and redesigning how services are delivered. Work is shared across a 'virtual' team rather than the traditional geographical teams. Staff structures have been reviewed and realigned creating opportunities for upskilling and career pathways to build resilience.

Importantly the combination of these actions should also support the moral and mental health of staff, as well as improve service delivery, customer engagement and communication.

2. Securing Contractors

Challenge - It is often difficult to secure contractors and consultants. There have been significant projects where only one tender was returned. This resulted in the need to re-tender or delay the project.

Action – Contractors are encouraged to apply to be admitted into the Council's Dynamic Purchasing Scheme. This widens the pool of contractors that are both willing and able to work in Argyll & Bute. Where possible we also use different delivery models with more emphasis on a mixed economy solution. We also use a mix of in-house resources, Small Medium Enterprises and as well as national suppliers.

3. Sickness Absence Due To Stress or Anxiety

Challenge - Sadly Stress and Anxiety consistently accounts for the highest proportion of days lost to sickness absence across the council.

Action - We conducted a wellbeing survey, the results showed that 29% of employees who had been absent with stress or anxiety had not accessed the structured Employees Assistance Programme that is available. We undertook a 3 month pilot with our partners who provide our Employees Assistance Programme. Unfortunately this pilot was unsuccessful and was not rolled out further. We continue to remind staff of our Employee Assistance Programme, and the ways they can access it so that they can make contact. Additionally, alternative ways to offer support are being explored and outlined.

4. Unplanned Demands

Challenge – We have experienced several unplanned demands. These demands increase the pressure on delivery of the statutory or committed services, additional budgetary pressure and pressure on staff to deliver unplanned demands. The agility of our staff is the key to being able to deliver these unplanned demands.

Action - To help mitigate these additional pressures where possible we have revised our processes, systems and recruited additional staff.

5. Emergency Resilience and Planning

Challenge - We have a continuing duty to promote or enforce standards that preserve public health, public safety and protect the environment. The remit is wide-ranging, from a suspected or confirmed outbreak of a communicable disease or an animal health incident such as avian influenza or rabies.

Action - To ensure we continue to protect the public, environment and promote public safety we are reviewing our emergency plans and arrangements. This will ensure our level of preparedness for any emergency incident is suitable and robust.

6. Electric Grid Limitations

Challenge - Many areas within Argyll and Bute are off grid for gas, and the electrical grid has limitations in terms of capacity/constraints. These issues continue to impact on the Council (and the wider community) in terms of resilience and being able to deliver renewable solutions, Electric Vehicle charging, electrification of heat, etc.

Action - We are lobbying the regulator to highlight the impact of these constraints. We also lobby the Electrical Network Operators, emphasising the need for them to reinforce their infrastructure.

7. Cost of Living Impacts

Challenge - The Cost of Living Crisis impacts on individuals, businesses and our ability to deliver services across all service areas. Price increases and supply issues are continuing across all industry sectors. We have our ambitious 10 year Rural Growth Deal projects. The project budgets are fixed for the 10 year programme period with limited capacity to build cost escalation contingency into the projects. Other significant pressures are the cost of school catering and the impact on the building sector.

Action - We continue to explore process improvements to identify efficiencies. We look at external funding to address any funding gaps and monitor our contacts and supplies on an on-going basis, ensuring the supplies are appropriate.

8. Managing Delivery of Large Scale Projects

Challenge - As well as financial resources for large projects, staff resources are required from various teams across the Council to deliver the projects.

Action - We are undergoing early engagement and where possible designing projects to limit ongoing staffing costs. Work has begun to identify the staff resource requirements for the projects.

9. Improving How We Support All Our Pupils

Challenge - There has been a significant increase in school exclusions from previous years. This increase is primarily due to an increase in dysregulated behaviour and is reflective of the national picture.

Action - We have identified this as an area requiring further attention and will provide targeted support for specific schools where exclusion rates are highest and continued universal guidance and support for all schools around alternatives to exclusion. There will be a sustained focus on Our Children Their Nurturing Education (OCTNE), Season's for Growth and Trauma Informed approaches all of which support staff to better understand and respond to distressed and dysregulated pupils, with a focus on early intervention.

10. Cyber Security

Challenge - The need for our ICT teams to be ever more vigilant and responsive has never been greater. 2022/23 saw another major rise in the levels of risk associated with cyber-attacks. The war in Ukraine has been accompanied by increased levels of cyber-attacks emanating from Russia and elsewhere. The public sector has repeatedly experienced significant cyber-attacks which disrupt services and has cost millions of pounds. This has been a global phenomenon.

Action - We have procured a new Security Operations Centre service. This will be implemented over the summer of 2023. This will provide a 24 hour monitoring service for the Council's network. We introduced new Cyber Awareness training from Mimecast and are actively promoting the training to all networked staff.

11. Improving Housing Solutions for Local People

Challenge - The housing system is increasingly complex and contains wide ranging effects on the society we live and work in. Across the UK, the housing system is now in a position commonly recognised as being in a state of emergency. Within Argyll and Bute, these problems have had a direct impact on property prices. There have been substantial increases in our area in recent years, private rental levels are rising at a substantial rate, housing availability is decreasing despite our social rent build programme and local wages are not keeping up with inflation.

Action - We have already identified improving housing solutions for local people as a priority. There is a need for the Local Housing Strategy (LHS) to consider these recent issues in more detail and examine if they can be addressed by the Council, or our partners including the Scottish Government. The LHS is updated annually, and it is proposed that this is the appropriate vehicle to do this. To support this, officers have set up an internal Housing Group with relevant senior officers from across the Council's Services participating.

12. Changes to Managing Our Waste

Challenge - The Biodegradable Municipal Waste (BMW) ban is due for introduction in January 2026. This will affect the current waste collection and disposal methods. Ferry capacity to service the requirements of the BMW ban and other emerging changes need to be planned and managed.

Other merging changes including Persistent Organic Pollutants (POPs), Circular Economy bill, carbon reduction initiatives, and market availability particularly for Energy from Waste (EfW) feedstock.

Action - Solutions identified through the Waste Strategy with ongoing discussions with Scottish Government and other appropriate bodies around derogations and implications of the changes of various legislation and regulations will bring to the rural geography of Argyll and Bute.

Complaints

In 2022/23 the number of stage 1 complaints fell to 467 from 499 in 21/22. Stage 2 complaints rose to 219 from 201 in 21/22.

Roads and Infrastructure Services continued to receive the majority of complaints in 2022/23 (stage 1 - 360) and (stage 2 - 122)

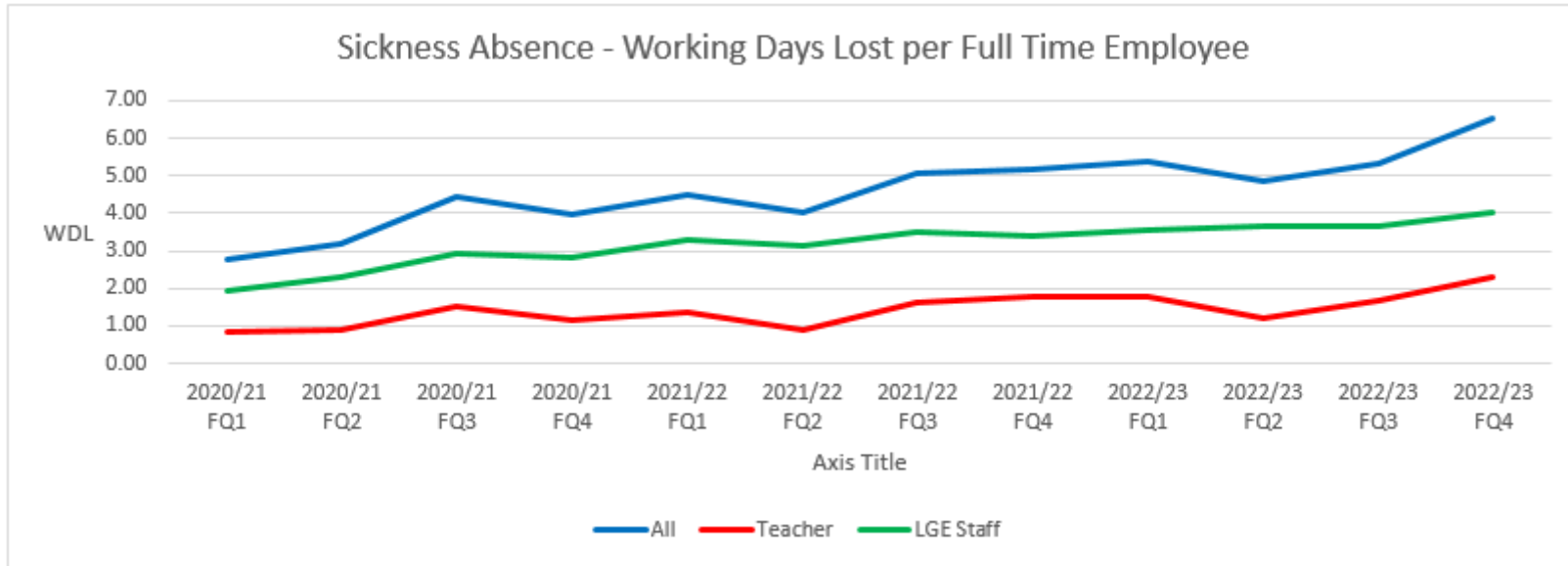
Performance within timescale has fallen in 2022/23 to 79% for stage 1 against 82% in 21/22 and 59% for stage 2 against 70% in 21/22. The Compliance and Regulatory team will continue to support services to try to improve this, through the provision of monthly reports which are sent to Executive Directors/Heads of Service and Service Complaints representatives.

All Council services follow the Scottish Public Services Ombudsman's (SPSO) model complaint handling procedure (CHP). A requirement of this model procedure is that the Council report to the SPSO on a standard set of statutory performance indicators, and prepare an annual report for consideration by Members. You can view the Council's Complaints Annual Report 2022/23 through this web link. [Microsoft Word - Annual Complaints Report 2022-23 V0.1 \(argyll-bute.gov.uk\)](#)

Absence

The number of working days lost to sickness in the UK hit a record high in 2022 according to data published by the Office of National Statistics. The number of working days lost because of sickness increased beyond pre pandemic levels. The increase is a contrast from the low levels of absence at the peak of the pandemic when many workers were furloughed, working from home and social distancing led to a drop in minor illness but it also marks a reversal in the long term trend of declining sickness absence rates.

Absence data for 2022/23 saw increase for both Teachers and LGE. Teachers absence has increased by 0.60 of a day to 6.2 work days lost per FTE. LGE staff has increased by 0.90 work days lost per FTE to 14.3 days.



Working Days Lost per Full Time Employee - By staff category and financial quarter												
	2020/21 FQ1	2020/21 FQ2	2020/21 FQ3	2020/21 FQ4	2021/22 FQ1	2021/22 FQ2	2021/22 FQ3	2021/22 FQ4	2022/23 FQ1	2022/23 FQ2	2022/23 FQ3	2022/23 FQ4
All Staff	2.75	3.21	4.46	3.97	4.48	4.05	5.09	5.19	5.36	4.88	5.35	6.52
Teacher	0.82	0.92	1.52	1.15	1.36	0.89	1.60	1.77	1.79	1.22	1.70	2.28
LGE Staff	1.94	2.29	2.94	2.82	3.32	3.16	3.49	3.42	3.57	3.66	3.65	4.04

Figure 1: Teacher, LGE and All Staff absence trends across each quarter since 20/21

The top three reasons for absence in 2022/23 have been:

- Mental Health
- Infections
- Other musculoskeletal (e.g. broken/fractured bones, ligament damage, strains, pain)

This is a different list from the year previous where Stomach/Liver/Kidney/Digestion issues and Medical Treatment featured in the top 3 as well as Mental Health. Covid absences began to be recorded under normal sickness absence with effect from 1 July 2022 this along with no Covid restrictions is likely to have accounted for infections moving into the top 3 reasons for absence.

The following is an analysis of the reasons for absence across the service conditions of APTC, Manual and Teachers for all work days lost:

- For APTC it was Mental Health absences accounting for 32% of work days lost
- For Manual Workers it was Mental Health absences accounting for 19% of work days lost
- For Teachers it was Infections accounting for 28% of work days lost.

We have launched pilots for a number of activities in the area of Wellbeing including:

- first day assistance for those that report absence due to mental health reasons
- online physiotherapy including webinars for desk based employees and body mapping workshops for manual staff
- a 12 week programme focusing on building sustainable healthy habits to support health
- wellbeing webinars on a range of topics

Those activities that have focused on supporting employees in the workforce have been much more successful than those that focused support on employees who had already reported absent. Those that have been successful will be continued this year. Argyll and Bute Council's Wellbeing Toolkit will be launched on 13 September 2023 available on our MyCouncilWorks giving employees and managers' access to lots of health related information, sources of support and access to relevant policies and procedures to support continued good health.

Going forward additional wellbeing focus will be on:

- developing focused and targeted corporate communications on wellbeing
- continued support for managers with ongoing absence cases and team based intervention tools
- improving mental wellbeing

Quality Conversations

Our approach to PRDs has changed. Our updated approach is based on measuring and improving outcomes from the conversations that managers and employees have about performance, behaviours and career / development aspirations. Our approach is called Quality Conversations.

Quality conversations are at the heart of how we do our business. Having the skills and confidence to engage in quality conversations with our colleagues, partners and communities is one of our key priorities.

During 2022/23 we launched the roll out our new approach, following which we conducted the first survey.

Analysis told us that 53% of responders had received a Quality Conversation.

The key findings are:

- People are clear about what's expected from them in their role.
- They know what skills and behaviours are required to achieve their objectives.
- They have the knowledge and skills to achieve their objectives.
- They know where to access help to meet their objectives.

These results will become our base survey and will be repeated and reported on annually.

Our Performance

Our Corporate Outcomes

Our Corporate Plan sets out our mission to deliver on the vision shared with our Community Planning Partners - ***Making Argyll and Bute a place people choose to Live, Learn, Work and do Business.*** For the Council this is delivered through the 6 Corporate Outcomes:

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

To enable us to deliver on our 6 Corporate Outcomes we have one supporting outcome 'Getting it right'. Activities within this outcome underpin our cross-cutting ways of working, efficiencies and behind-the-scenes service delivery.

Each Corporate Outcome is delivered through the Corporate Outcome Indicators.

Performance Management Improvements

A project to review our performance management and reporting procedures has been undertaken with the first phase nearing completion. During 2022/23 several outputs of the Performance Management Project were implemented. One aim of the project is to support scrutiny of performance by Elected Members and Senior Officers. As a result the following changes were made – we removed Business Outcomes and identified a suite of 47 high-level indicators that directly align to the Corporate Outcomes.

These 47 indicators are known as the Corporate Outcome Indicators (COIs). Aligning the COIs to our Corporate Outcomes helps illustrate how we are delivering on our Outcomes. The indicators are strategic and long-term in nature. They are reported annually after FQ4 to the Audit and Scrutiny Committee and Full Council, and thereby presented within this report.

We continue to report other indicators of importance on a quarterly basis at each of our Area Committees. The Quarterly Area Performance Reports present a suite of indicators at a local, area level with complementary narrative, and where possible Council-wide performance is also presented alongside these indicators. All previous Area Performance Reports can be viewed on the Council Website here. [All previous Quarterly Area Performance Reports can be viewed on the Council Website here \(argyll-bute.gov.uk\).](#)

Delivering On Our Outcomes - Corporate Outcome Indicators

2022/23 is the first year that the 47 Corporate Outcome Indicators have been used. Due to the nature of the change it is not possible to draw a direct comparison to previous years' performance however, where possible historic data is used to help identify the overall trend and progress on delivering our Corporate Outcomes.

Where appropriate a Target is used to track Performance and progress is identified using a Red or Green status indicator to track performance. Not all indicators have a Target, where this is the case the trend data is helpful for scrutiny.

For the majority of indicators the data is collected and presented annually, or even quarterly if this is possible and appropriate. However, in some cases the nature of the indicator means the collection of data results in a longer lag-time, or the data is collected biennially.

The following table illustrates how we have delivered on each of our Corporate Outcomes. This is followed by the detailed performance and supporting commentary for our Corporate Outcome Indicators.

Overall Performance Of All Our Corporate Outcome Indicators

Corporate Outcome	Number Of Indicators	Number On Track / Above Target / No Target With Improving Performance	Number Off Track / Under Target / No Data
People live active, healthier and independent lives	6	4	2
People will live in safer and stronger communities	4	3	1
Children and young people have the best possible start	8	7	1
Education, skills and training maximise opportunities for all	7	6	1
Our economy is diverse and thriving	12	10	2
We have an infrastructure that supports sustainable growth	5	5	0
Getting It Right	5	4	1
TOTALS	47	39	8

How We Compare Nationally – Local Government Benchmarking Framework (LGBF)

We view benchmarking as a crucial tool to help us improve as well as using a variety of improvement tools. We attend and contribute to all the national groups and networks as well as the Local Government Benchmarking Framework (LGBF) which all local authorities participate in.

All local authorities participate in the [Local Government Benchmarking Framework](#) (LGBF). The aim of the Framework is to present a range of indicators that can be used to compare performance across all Scottish local authorities. There are many differences to take into account when comparing our performance with other councils. To help make these comparisons more meaningful and share good practice we are part of a 'family group' of eight other councils, with similar characteristics such as the type of area and levels of deprivation. More detail on the LGBF and 'family groups' can be found by clicking on the above link, you will be taken straight to the LGBF where you can compare our performance.

The 2022/23 data is due for release in December 2023. The latest full-year data that is available is for 2021/22.

As well as participating in the LGBF we actively engage with other sector specific organisations. This allows us to share best practice and benchmark our performance, both activities are valuable tools to help us identify improvements.

Delivering Our Outcomes - Key Successes by Corporate Outcome

Corporate Outcome: People live active, healthier and independent lives

Number of Indicators: 6

Number on Track: 4

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Maximise distribution of Scottish Welfare Fund	95.30%	96.70%	85.90%	120.70%	144.00%	G	The 2022/23 overspend has been covered by earmarked reserve from 2021/2022. This has ensured that the Council has been able to continue its support to its most vulnerable citizens in the year through the provision of Crisis Grant and Community Care Grant funds.
Percentage of clients satisfied that they are better able to deal with their financial problems	90.00%	100.00%	100.00%	100.00%	100.00%	G	This voluntary survey is distributed with no obligation for a client to complete or respond. All clients who expressed an opinion agreed that they are better able to deal with their financial problems following our support. It is important to note that no negative comments or responses were received.
Maximise distribution of Discretionary Housing Payment (DHP) fund	96.00%	101.60%	99.90%	98.20%	79.00%	R	Actual expenditure at yearend was £807,000 meaning a funding underspend by £172,000 in 2022/23. Looking at the detail we received less claims for bedroom tax Discretionary Housing Payment and benefit cap Discretionary Housing Payments than the Scottish Government had forecast.
Percentage of care services graded 'good' (4) or better in Care Inspectorate Inspections (HWBOI NI17)	75.20%	85.00%	87.10%	80.00%	79.50%	G	This indicator measures Adult Services rating only. The HSCP report for this measure is updated in line with Health And Care Experience Biannual schedule, however Care Inspectorate gradings are updated more frequently.
Percentage of adults receiving any care or support who rated it as excellent or good	75.30%	79.90%	78.30%	78.30%	68.60%	R	Biennial Data Periods 2017/19; 2019/21; 2021/23 There is no update to the data until Feb 2024 at the earliest. It is worth noting that performance against this target will be influenced and vary in line with the Biennial total number of

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
							respondents participating in this voluntary survey. As such caution should be noted with regards to previous comparison and trends.
Percentage carers who feel supported to continue in their caring role	29.70%	35.00%	35.00%	38.00%	38.00%	G	Biennial Data Periods 2017/18; 2019/20; 2021/22 There is no update to the data until Feb 2024 at the earliest. It is worth noting that performance against this target will be influenced and vary in line with the Biennial total number of respondents participating in this voluntary survey. As such caution should be noted with regards to previous comparison and trends.

Supporting people to deal with their financial problems

Helping residents maximise their income through claiming additional benefits or paying grants to vulnerable people assists with independent living, preventing homelessness and helps reduce the number of households and families living in all various types of poverty including extreme poverty.

The following are some headline figures illustrating how we have distributed the payments and our performance -

- A total of £659,812 in Scottish Welfare Fund grants were paid to support vulnerable people.
- A total of £804,839 of Discretionary Housing Payments was distributed to household in need.
- We paid out £133,625 in grants to cover food and fuel for people in poverty and successfully referred them for support to advice agencies.
- During the year a total of 1,810 families have been supported to maximise benefit income and reduced fuel costs to the value of £2.527m.
- We allocated £4.3 million to Council tax accounts to support people with the cost of living crisis.
- The average processing time for New Housing Benefit claims was 25.63 days and 5.60 days for changes in circumstances against targets of 21 days and 6 days respectively.
- We are delivering the Energy Bill Support Scheme and the Alternative Payment Fund on behalf of the UK government. The scheme started in February 2023 and runs until the end of May 2023.
- The results of our Welfare Rights customer satisfaction surveys show that 99% of respondents would recommend the service.
- In line with Scottish Government Policy the basic pay of carers and personal assistants who look after adults in our communities were implemented twice during the year.

- We calculated and implemented contract rates for the Council's early learning and childcare partners that enabled them to sustain their services and pay their staff at least the Scottish Living Wage.

Helping People Into Work

Argyll and Bute Council's Employability Team and Third Sector delivery partners assist people into work. There are a number of programmes available to our residents, which offer a tailored support package to suit individual needs and help participants progress towards education, training or employment.

There is a broad criteria for participants:

- Individuals between the ages of 16 and 67 years who are facing barriers in moving towards and into employment.
- Young people within 6 months of the school leaving date who require support to move towards and into work.
- Low income parents (including kinship carers) who require support to move towards, into or to increase their income in-work.
- Employers looking to host a fully funded work placement or recruit someone utilising an employer recruitment incentive.

Using a holistic approach participants have access to accredited training, work placements paying the Real Living Wage, benefits, debt and fuel poverty advice, assistance with job applications, CV creation, interviews skills and techniques. Specific items can also be purchased to remove specific barriers, for example, a digital device to access online learning or a bicycle to help address poor transport links and allow travel to and from work.

The following are some quotes from participants, explaining their views on the support offered and the outcome achieved.

- "I'm extremely grateful for the support provided by ABERTI, this gave my employer the incentive to appoint me as an adult apprentice particularly given the additional costs associated due to my age"
- "My family and I have received a lot of support since coming to Scotland. I received a bike and a laptop which has helped me work more hours and I am able to study in my free time. I hope to start up my own business in the future. The continued support I receive from my PESF worker is very much appreciated"

To find out more information please visit [Helping people into work | Argyll and Bute Council \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk/helping-people-into-work)

Corporate Outcome: People will live in safer and stronger communities

Number of Indicators: 4

Number on Track: 4

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
The percentage of groups who say their effectiveness has increased as a result of capacity building by the community development team	75.00%	100.00%	100.00%	100.00%	90.00%	G	The results are from an annual survey of customers and community groups engaged with the Community Planning and Community Development Team
The information provided to our community groups, individuals and partners is easy to understand	75.00%	93.00%	89.00%	96.00%	90.00%	G	The results are from an annual survey of customers and community groups engaged with the Community Planning and Community Development Team
The total value of compensation settlements for vehicle damage / driver injury as a result of road / bridge faults	No Target	£4,307	£2,884	£2,807	£1,879	No Target	The sums paid out have decreased year on year which may be indicative of an improvement in road and bridge surfaces.
Percentage of adults residents stating their neighbourhood as a 'very good' place to live (CSS – survey owner)							Awaiting Survey Launch

Keeping People Safe

The number of service requests received has increased by 60% post Covid pandemic, at a time when resources are limited. An exercise was undertaken to review the services response to specific service categories, and determine the most appropriate response. Given resourcing and our legislative powers, and to identify some additional resource. These findings have been implemented.

Avian Influenza. The UK experienced its largest avian influenza outbreak in 2022 and the outbreak has continued into 2023 with outbreaks and positive cases still being identified. Specific actions have been taken by Argyll and Bute Council to engage with commercial and domestic poultry keepers to enhance their biosecurity arrangements and other controls, to provide advice to minimise contact with wild bird carcasses which were washed upon our coastlines, and review the Councils arrangements to respond to an avian influenza outbreak in our area.

Successful prosecution cases were prepared by the Councils Regulatory Services relating to a fatality in Loch Awe against a boat hire company, who hired a boat from a local business (Health and Safety at Work etc. Act 1974) and for an offence against a farmer for unnecessary suffering of an animal (Animal Health (Scotland) Act)

The Councils internal audit team assessed the arrangements in place within the Environmental Health Service to carry out the Council's enforcement responsibilities under the Health and Safety at Work Act 1974. [The audit opinion was "substantial"](#), whereby internal controls, governance and the management of risk is sound. Three minor issues were identified and an action plan is in place to address these by the 30th June 2022.

To ensure our residents live active and healthier lives requires us to monitor elements that can impact on overall health, work closely with our Partners and when necessary take enforcement action. There has been an increase in Nitrogen Oxide levels as transportation has increased towards pre-Covid levels. An air monitoring program that assesses the local air quality was completed. It concluded that local air quality in Argyll and Bute is good and well below prescribed standards but well within national targets.

A safer place to live, work and visit

Within the Community Safety Partnership Strategy we worked with key partners including Police Scotland, Scottish Fire and Rescue Service, HM Coastguard, Health & Social Care Partnership (HSCP), Third Sector Interface (TSI) and local groups to bring together resources to ensure that Argyll and Bute is a safer place to live, work and visit.

Two examples of this is information received from Police Scotland for the group to consider appropriate safeguarding measures to support individuals reduce their vulnerability to being drawn into terrorism and the Mentors in Violence Prevention (MVP) programme. MVP is a peer mentoring programme that gives young people the chance to explore and challenge the attitudes, beliefs and cultural norms that underpin all forms of gender-based violence in our society. We have a robust 3 year MVP development plan in place. This has helped to ensure strategic direction and a focussed approach to implementation of the programme.

The programme has faced challenges within schools in terms of having the capacity to release staff for training. We will continue to work to develop the number of trainers, which will help provide schools with their own internal succession plan systems. We will also look to increase the number of partners trained so that other services can support the programme, reducing demand on teaching staff.

Supporting Our Community Councils

Online and in person training has been delivered to over 50 community councillors. Community Councils from across the area were introduced to the National Standards for Community Engagement and a variety of online and offline tools.

The training led to open and rich conversations around current practices and difficulties when engaging underrepresented groups. Conversations covered issues such as the barriers people may face when engaging with local democracy, and the range of traditional and digital methods that could be used to gather a diverse and representative views.

As with most training, there were secondary benefits to both the participants and trainers, the sessions also strengthened connections and best shared practice between Community Councils and across the authority.

The course evaluated well and subsequently a 15 minute summary of the training was created as a YouTube video and the link was circulated to community councillors unable to make the training, you can access the training video from this link [Community Engagement for Community Councils in Argyll and Bute - YouTube](#)

Other training delivered during this year by the team included:

- Risk Management for Community groups
- How to write an environmental policy and an action plan for your organisation

Community Organisations Received Capacity Building Support

The Lochside Champions are a group that represent people with autism who attend the Lochside Resource Centre in Lochgilphead. The group were supported and attended the Mid-Argyll, Kintyre and the Islands Area Community Planning Group meeting. On behalf of the group they represent they raised a number of issues at that meeting including:

- That the homes are lovely but often situated too far out of town causing feelings of isolation at times.
- More work opportunities would be welcome.
- The lack of transport choices in the area is constraining, this made it very hard to do things on a whim or last minute for example.

At the meeting the group was introduced to a key partner, the Third Sector Interface, who subsequently visited and talked to them about supported volunteering opportunities. Another partner, Fyne Homes, has subsequently visited the group to talk about housing and donated materials for their garden area. The group were put in touch with the strategic transport team within the Council. Work is ongoing with the group to strengthen their governance and ensure they can fundraise and lobby effectively.

Building Standards achieves maximum 6-year licence

Building Standards exceeded all targets for the 5 key national performance targets for 2022/23, attained one of the best customer satisfaction rates from the national Building Standards customer satisfaction survey run by the Scottish Government and achieved the maximum six year verification licence from the Scottish Government, which allows us to vett and verify building warrants. This brings benefits to the built environment and supporting our economy. During the period 2022/23 our work in supporting the economy resulted in a total 1,377 building warrants processed.

During the year there was an increase in the number of dangerous buildings complaints with occasions for emergency action to ensure that public safety was secured.

Short-term Lets

The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022 required the design and development of a new Short-term Let Licensing scheme and policy. This is to ensure short-term lets are safe, address issues faced by neighbours, enable local authorities to know and understand what is happening in their area, and to handle complaints effectively. It also aims to balance the economic and tourism benefits from short-term lets with the needs and concerns of local communities across Argyll and Bute.

New operational arrangements to deliver the short-term let licensing regime were developed. This included the development of procedures, communication and engagement with the sector, an on-line information management system coupled with an online application process.

Welcoming Ukrainian Refugees

Ukrainian refugees have been welcomed to Argyll and Bute through the Scottish and UK Government's sponsorship in response to the invasion of Ukraine by Russia and the evacuation of the civilian population.

The council's resettlement team was scaled up and the multi-agency partnership established to coordinate support. Over 300 Ukrainians have chosen to resettle in Argyll and Bute and the Ukrainian population is dispersed across the whole authority. Ukrainian pupils are supported in school, with over 100 pupils attending 23 establishments. Ukrainian adults are supported to learn English and to move into work. A wide variety of activities and events have been arranged with services across the council providing support including Housing, Regulatory Services, Business Gateway, Employability, Welfare Rights, Revenue and Benefits, Community Development, Social Work, Public Health and Education.

Covid Recovery Strategy

To support the process of returning to normality in response to the Covid pandemic a Recovery Strategy was developed. This led to the publication of the Argyll and Bute Recovery document; [Restart, Recover and Renew](#). The document focuses on a range of areas, including economic and social recovery, building back stronger communities, public health and infrastructure.

It also recognises the importance of economic factors in driving our recovery. A thriving local economy will underpin renewal, providing opportunities for local people although population decline will continue to be a major factor in our capacity for recovery and renewal.

Corporate Outcome: Children and young people have the best possible start

Number of Indicators: 8

Number on Track: 7

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Provide quality meals within cost margins to all pupils	+/-5%	-0.0345	-0.069	-0.04	-2.56%	G	Catering continues to perform well, with the variance from food costs within the +/-5% target across the area. We continue to monitor areas/locations that fall outside of the target variance
Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place	100.00%		100.00%	100.00%	100.00%	G	Virtual Head Teacher is now in post and continues to work on updated approaches to the monitoring, tracking and progress of this cohort. Targets for Attainment, Exclusion and Attendance updated and agreed with the Corporate Parenting Board.
Percentage of children living in poverty (After Housing Costs)	No Target	23.30%	18.90%	21.70%		No Target	Latest Data is 2021/22. Data is taken from the Local Government Benchmarking Framework (LGBF). Since 2018/19 the percentage of children living in poverty has improved against all local authorities. Latest data indicates a relative position of 11 out of all authorities (with lowest being best). Although we are advised to view the annual figures in the longer term, it does appear that Argyll and Bute's broad

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
							array of tackling child poverty actions are having a positive impact and it is important that they are maintained and built upon.
Our percentage rate for attendance across all Argyll and Bute schools is comparable or better than the Scottish national average (Biennial data)	92.00%	93.50%	93.30%	93.30%	90.55%	R	This figure is taken from provisional Attendance, Absence and Exclusions (AAE) census data and is embargoed. We have used some basic reports from the AAE census but have no way of checking that this is correct at this time. We are waiting for data to be released for Director sign off and that will be actual data. Biennial 2020/21 Data
Support the increase in the uptake of available Grants, Allowance and Entitlements	2,573	3,103	2,998	2,853	2,999	G	Education have worked with schools in relation to the take up of EMA application and have issued individual communications to eligible pupils. Public notices and social media posts have been issued to publicise other available grants including free school meals and clothing grants
A counselling service is available in all secondary schools	100.00%		100.00%	100.00%	100.00%	G	The new School Counselling Service delivered by The Exchange (TCS) was launched in January 2023 and provides 100% coverage of services across all schools and localities where required. The new service offers a broader range of delivery options than the previous service and is currently managing demand very effectively.
The percentage of children with no concerns across all domains at 27 to 30 month assessment	82.10%	87.10%	85.50%	87.30%	No Data	G	This indicator is taken from the Local Government Benchmarking Framework (LGBF), the latest data is for 2021/22. The Scotland wide performance for FY 2021/22 is 82.10%. Comparatively we are second highest in our Family Group of 8 Local Authorities and one of two authorities where performance has improved. Our performance against the previous year has improved by 1.8% on the previous year. Within the HSCP Integrated Performance Management Framework, the Child Health Measure being monitored on a quarterly basis across Argyll and Bute HSCP is as follows:

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
							Reduce the % of 27 - 30 month reviews conducted out with the agreed time period, with a target of 90%.
95% of schools have a suitability rating of A or B	95.00%	95.00%	95.00%	95.00%	95.00%	G	All schools within Argyll and Bute currently have a condition rating of A or B. There are 2 schools which have a suitability rating of C (North Bute and Tobermory). Education are currently awaiting the outcome of a LEIP application to support the building of a replacement school for Tobermory.

Providing Support for All Our Learners

To ensure appropriate support is in place for all our learners, including those with the most complex needs, we have been working closely with the CALM training organisation. This enables us to access training that helps staff understand more complex dysregulated behaviours and how to reduce and prevent those behaviours over time.

The training focusses on prevention and a reduction of restrictive responses. A section of the course examines best practice and trauma informed positive behaviour support. Staff who have completed this have provided feedback regarding the positive impact that learning from the training is already having on their practice.

Alongside this focus on the specialised training we have updated our documentation and guidance for staff. In addition to this we have delivered staff awareness raising sessions on the changes to this important guidance.

Nurturing and Supporting our Young People

School staff are well equipped to adopt nurturing and trauma informed approaches to our most distressed young people. Our nurture teachers have provided intensive, time-limited support through coaching and capacity building. This ensures that the young people who need this most are supported. Qualitative feedback from staff in schools indicates the positive impact this work has on children, young people and staff wellbeing.

In order to improve outcomes for children and young people a new Counselling in Schools Service was implemented. The new service is delivered by 'The Exchange' (a school counselling service). Monitoring of the data and evidence gathered is showing very positive impact for children and young people where they feel listened to and supported.

Other notable activities are:

- Additional tracking and monitoring of attendance and attainment has led to targeted support and interventions for Care Experienced Children and young people. As a result, close analysis of the data has shown positive outcomes from the targeted support including an increase in positive destinations to 94%, which is above our target of 85%.
- A sustained low number of exclusions for care experienced children and young people continues to remain below 5. Interventions to support this sustained low number of exclusions includes individual work with children by Health and Wellbeing Liaison Officers, School based personalised support, Education Psychology support, health discussions and wider partnership working.
- Additional resources to support the nurturing environments provided in each Early Years setting including partner providers, which in turn enables more flexibility in how they use their environment to support self-regulation for children.
- Training sessions supported 143 practitioners engaging in dialogue around infant behaviour and how to apply nurture principles to their understanding of this. An increased number of settings reported feeling empowered by their growing knowledge around nurture to better understand and thus support dysregulated behaviour in children.
- Bespoke training to support practitioners to increase their skill and confidence in delivering play and learning outdoors was delivered. This resulted in a better understanding of how specific outdoor environments can deliver learning for children, engages and extends children's thinking and supports their connection to the natural environment. The participants all reported that they felt more confident to assess risk, engage new skills and deliver learning outdoors.
- The United Nations Convention on the Rights of the Child (UNCRC) is seeing increasing demands placed on schools in relation to youth voice. There are ongoing challenges in bringing all council departments up to speed in relation to UNCRC, and we have been working to develop a cross-council Youth Voice structure. The UNCRC working group is meeting regularly to address this and using framework and guidance to inform approach. Continued engagement in the Rights Respecting Schools (RRS) programme is helping to raise community awareness of RRS.

My Tribe Period Product Provision

Argyll and Bute's My Tribe brand has been identified as an exemplar of good practice across Scotland. The success has been recognised by the Northern Alliance who have asked the Project Lead to support the roll out to other Local Authority areas. As well as the provision of free period products, support has been provided in schools and Period Product Champions have been trained. There has also been engagement with community organisations and promotion of My Tribe via Social Media channels.

Award winning School Meals Service

We delivered over 1.2m School Meals and Early Years' meals as well as winning the following awards -

- Health and Nutrition Award 2023 for our school meals drone delivery pilot
- Health and Nutrition Special Contribution Award 2023
- Cateys 2023 Public Sector Caterer Award
- ASSIST FM Community Focus Award 2023

Working closely with Education online payment and cashless catering was successfully rolled out to all our primary and secondary schools. This allows online pre-ordering which enhances the service for our children and young people. It also gives parents and carers the ability to assist pupils in ordering meals and view live fund balances for paying pupils. Importantly the system also assures the anonymity for our Free School Meal pupils.

The Catering Team won a Health and Nutrition Award for piloting the delivery of school meals via drone. The pilot was successful and will allow us to investigate the provision of meals to our remote areas, reduce the climate impact of the service and maximise the use of technology. This pilot has also been shortlisted for a COSLA Excellence Award 2023, with the awards ceremony taking place in September 2023.

The Council continues to offer fresh, healthy and sustainable school lunches, and holds the Soil Association Scotland's 'Bronze Food For Life Served Here' award. The award helps local authorities to source food from the local area for school meals so that children benefit from freshly prepared, sustainable meals. The award is a widely respected and independently assessed. It is supported by the Scottish Government and recognises Councils that serve food made from fresh ingredients, free from genetically modified ingredients and undesirable additives, using free-range eggs and high-welfare meat.

Taking into account feedback received from catering staff, education staff, parents and pupils, a new menu and a third meal option was implemented for all Early Years, Primary and Secondary school pupils. The menu is compliant with the 'Food for Life' served here Bronze award and was analysed in accordance with the Scottish Governments Food and Drink in Schools (Scotland) regulations 2020. The new menu is lower in sugar, salt, red meat, processed red meat products and ensures all pupils have access to more fruits and vegetables.

Corporate Outcome: Education, skills and training will maximise opportunities for all

Number of Indicators: 7

Number on Track: 6

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment * ACADEMIC YEAR	95.00%		94.00%	93.50%	95.20%	G	The Annual Participation Measure (APM) for 2022/23 was published at the end of August 2023 and reflects as significant increase on last year's APM of 1.7%. This figure exemplifies that the Stretch Aim set by the Education Service of 95% has been overtaken.
Maintain the percentage of successful examination presentations in levels 4 and 5 for Literacy and Numeracy by our senior phase pupils * ACADEMIC YEAR	60.00%		100.00%	97.00%	SCQF 4 87.23% SCQF 5 66.84%	G	The data indicates that the levels of passes in Literacy and Numeracy is being maintained year on year, with only a 1% difference between 2022 and 2023 in both SCQF 4 and SCQF 5 Literacy and Numeracy, measured as detailed above.
Increase the uptake of wider achievement opportunities which complement traditional SQA awards and offer alternative ways to develop learning, life and work skills	No Target				88.00%	No Target	Enhanced Wider Achievements Programmes across all Secondary Schools continue to be under development and are partially supported by UKSPF funding successfully obtained by the Education Service.
The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme	95.00%	97.40%	100.00%	96.10%	96.20%	G	The progress of Modern Apprentices onward to positive destinations remains high. We will be investigating expanding the reach of the Modern Apprentice programme through forthcoming workforce planning discussions.

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
The percentage of children that achieve their appropriate developmental milestones by Primary 1	70.00%	Not Collected (Covid)	75.00%	64.00%	63.00%	R	Moving forward, our Strategic Plan, Early Years 2023-24, highlights collaboration with Education Scotland's Curriculum Innovation Team. This will facilitate 'live' service design project across Early level, which will start from the adult learners as they ask 'why?'; scaffolding them to take a closer look at the role of the educator within the cycle of learning, teaching and assessment.'
The percentage pass rate for the National 5 qualification is comparable or better than the Scottish national average * ACADEMIC YEAR	No Target	91.60%	87.50%	79.70%	77.39%	No Target	For session 2022-2023, the post-appeal National 5 pass rate in Argyll and Bute at grades A-C is 77.39%. The national post-appeal data will not be made available until December 2023. Argyll and Bute's pre-appeal pass rate for National 5 was 76.93%. The national pre-appeal A-C pass rate for National 5 is 78.80%.
The percentage pass rate for the National Higher qualification is comparable or better than the Scottish national average * ACADEMIC YEAR	No Target	90.50%	90.20%	80.90%	77.35%	No Target	For session 2022-2023, the post-appeal Higher pass rate at grades A-C is 77.35%. The national post-appeal data will not be made available until December. Argyll and Bute's pre-appeal pass rate for Higher was 77.12%. The national pre-appeal A-C pass rate for Higher is 77.10%.

Increasing Attainment at the 1st Level

Following analysis of literacy attainment data with a specific focus on children residing in quintile 1, eight schools were invited to participate and have undertaken training in using a Quality Improvement approach to support writing attainment at 1st level. Training was originally offered by the Children and Young People Improvement Collaborative (CYPIC) Improving Writing Programme and is now being delivered within the authority, supported by allied health professionals and our Attainment Advisor. Data shows that attainment at 1st level within the first set of schools to undertake the training

has increased from an average of 56.2% in 2022 to an average of 72.8% based on Feb 23 predictions. Delivery of the programme to schools in cohort 2 has now commenced, with cohort 3 due to commence in September 2023.

Digital Support for Schools and Learners

Digital learning is supported through the deployment of additional devices which have been provided from the digital poverty initiative. This initiative is funded by the Scottish Government. Our most remote schools now benefit from upgrades of bandwidth and all our Primary and Secondary schools now have Skype for Business.

We undertook a successful pilot which uses technology to help reduce and remove literacy barriers for children with additional support needs. The pilot increased engagement in education outcomes, improved wellbeing and raised attainment levels in literacy. Children involved in the pilot are now using a range of assistive technology more confidently and independently. The technology we piloted is Enhancing Literacy Skills for those with Additional Support Needs using Technology (ELSAT).

Supporting Learners to Realise Their Potential

We have broadened and improved the vocational educational provision in schools, and developed strong partnerships with employers and agencies who can contribute to the development of young people's skills and prospects. Our Developing Young Workforce Co-ordinators have instigated and developed partnership agreements between schools and employers, resulting in an increased number and range of work placement opportunities for young people. In the Senior Phase (S4-S6) we have continued to develop approaches to ensure personalisation and learning choices for all pupils. Working in partnership with Argyll College we are supporting the development of an increased choice of pathways for S4-S6 pupils which allows them to attain their chosen positive destinations in the adult world. Twenty networked college courses now feature in Senior Phase course choices and are available virtually to all S4-S6 pupils. Work is ongoing to extend the Senior Phase curriculum offer to include further Foundation Apprenticeships and HNCs delivered both in schools and via partnerships.

Leavers Positive Destinations

For the first time, we were ahead of all of our comparators for Leavers' Positive Destinations. This is a significant achievement and one which we hope to sustain or build on. A total of 90% of our Care Experienced Young People progressed to a positive post-school destination in 2022/23. This is above both the Northern Alliance authorities and national figures.

Rural Growth Deal – Skills and Training Programmes for Local People

Over £14m of Rural Growth Deal (RGD) investment will directly support skills and training programmes for local people. This includes £7m of skills interventions to be delivered via the Rural Skills Accelerator Programme with a focus on enhancing local STEM education (Science, Technology, Engineering, and Mathematics) tied to economic opportunities, targeted business skills interventions and enhancements to UHI Argyll's local estate.

UHI Argyll will also invest £7.8m via the RGD to create a marine industry training centre at Dunstaffnage which will provide the skills and training opportunities locally required by key sectors in the blue economy. This has key synergies with other RGD projects such as the SAMS Seaweed and

Shellfish Research & Development Centre which will enable growth in these nascent sectors alongside more established industries. We will work with Stirling University to expand the capacity of the Marine Environmental Research Laboratory at Marchrihanish with a focus on Research & Development activities around fish health and environmental sustainability. These interventions will grow opportunities for students to study locally.

Carbon Literate Organisation (CLO) Bronze Status

We recognise the importance of a leadership informed and knowledgeable of climate change and sustainability will improve decision making and our ambition of becoming a net zero organisation by 2045. To support this we successfully completed a programme of Carbon Literacy Training and obtained nationally recognised Carbon Literate Organisation (CLO) Bronze status. The training offered to the Senior Leadership Team and completed by over 65% of Elected Members provides detailed training around climate change decision making, evidence and science.

Corporate Outcome: Our economy is diverse and thriving

Number of Indicators: 12

Number on Track: 10

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal	20.00%	27.90%	27.90%	13.50%	19.90%	R	Due to the nature of the contracts awarded in 2022/23, meant that our local supply base was unable to bid for them. However, where the type of contracts that local suppliers are bidding for and which contracts are subsequently awarded to them is monitored, and 85.3% of local suppliers were successful in winning bids
Increase the number of community benefits that are delivered through the contracts we award locally	No Target	2	22	55	73	No Target	We have been working closely with our suppliers to deliver additional social, economic and environmental value to our society and 73 Community Benefits were achieved through Contract Management, Contract Awards and the Request List during the period from 1st April 2022 to 31st March 2023. For further detail, please visit: https://www.argyll-bute.gov.uk/business-and-licensing/selling-council/procurement-useful-links-and-documents

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Number of business and industry planning applications submitted annually	No Target	25	21	19	23	No Target	This measure details the number of applications submitted to the Council for business and industry applications. The data for 2022/23 indicates increased activity in this area from the previous reporting period.
The percentage of homeless applicants who required temporary accommodation this period	No Target	44.00%	45.00%	40.00%	34.00%	No Target	The percentage reduction has to be considered in the context of an increase of 29% in the number of households presenting as homeless to the local authority in 2022/23 compared to 2021/22. The actual number of households requiring temporary accommodation increased in 2022/23 but the pro- active housing advice and information provided by the Area Teams has meant that effective prevention work is carried out to ensure that as many households as possible get a positive housing outcome and do not require temporary accommodation.
Number of affordable social sector new builds completed per annum	Actual	84	48	145	188	G	The Strategic Housing Investment Plan process is a partnership between the Council, the Registered Social Landlords and the Scottish Government ensuring that new build affordable housing is delivered across the local authority to meet need and demand.
The total number of visitor trips to Argyll and Bute (Jan-Dec, STEAM, Million trips)	No Target	2.9M	0.8M	1.5M	2.5M	No Target	This data is taken from the Scottish Tourism Economic Activity Monitor (STEAM) the number of visitor trips to Argyll and Bute increased from 1.5m (Jan – Dec 2021) to 2.5m (Jan- Dec 2022) – an increase of 67%. The positive experience for visitors coming to Argyll and Bute has been assisted by the actions delivered through the Staycation agenda, which included employing a temporary post to take forward specific actions on the ground, such as successful completion of the Motor Caravan Overnight Parking scheme.
The total visitor spend in Argyll and Bute (Jan-Dec, STEAM, Direct visitor spend - £/M)	No Target	£364M	£125M	£262.5M	£407.5M	No Target	This data is taken from the Scottish Tourism Economic Activity Monitor (STEAM) the visitor spend across Argyll and Bute increased from £262.5m (Jan – Dec 2021) to £407.5m (Jan- Dec 2022) – an increase of 55%. The positive experience for visitors coming to Argyll and Bute has been

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
							assisted by the actions delivered through the Staycation agenda, which included employing a temporary post to take forward specific actions on the ground, such as successful completion of the Motor Caravan Overnight Parking scheme.
Gross Value Added (GVA) per capita	No Target	22,767	20,543	23,394	47,270	No Target	The latest figure of £47,270 is taken from the Scottish Annual Business Statistics, 2021 (excludes the finance sector and part of agriculture and the public sector). This is a marked increase on the previous figure of £23,394 (statistics are in arrears and do not match financial years). There are potentially a number of council services/interventions that directly or indirectly contribute to this productivity measure, plus external factors.
Unemployment rate - Claimant Count as a %age of working age population	No Target	2.70%	5.80%	4.00%	2.80%	No Target	The Claimant Count unemployment rate is updated on a monthly basis (one month in arrears), This figure is the unemployment rate for Argyll and Bute as a % of working age population (16-64). The downward trend is positive.
Unemployment rate - Claimant Count as a %age of the population (16-24)	No Target	2.80%	6.50%	4.30%	2.80%	No Target	The Claimant Count unemployment rate is updated on a monthly basis (one month in arrears) for 16-64 year olds. This unemployment rate for the % of population, 16-24 year olds. The downward trend is positive.
The number of business gateway start-ups per 10,000 of population	No Target	161	110	154.3	135.7	No Target	It is hoped this figure will improve as Argyll and Bute Business Gateway Team recently launched a start-up grant funded by the UK Shared Prosperity Fund.
Geographical percentage coverage of 4/5G mobile phone connectivity	95.00%	76.00%	77.00%	79.00%	81.00%	R	Each mobile network operator manages their own network as they all use different spectrum frequencies. EE has the greatest coverage as a result of the Government backed Emergency Service Network (ESN) contract and a very aggressive commercial approach. They have built in excess of 90 masts across A&B over the last 5 years. Over the next few years there will be significant improvements as part of the UK Government supported £1B Shared Rural Network (SRN) due to be completed by 2027.

Economic Growth

The positive experience for visitors has been assisted by the actions delivered through the Staycation agenda, which included employing a temporary post to take forward specific actions on the ground, such as successful completion of the Motorcaravan Overnight Parking scheme. Details on the Staycation agenda can be found in this report [Staycation Update Paper](#)

- With reference to the Scottish Tourism Economic Activity Monitor (STEAM) the number of visitor trips and visitor spend increased in Argyll and Bute.
- Visitor trips increased from 1.5m (Jan – Dec 2021) to 2.5m (Jan- Dec 2022). This is an increase of 67%
- Visitor spend increased from £262.5m (Jan – Dec 2021) to £407.5m (Jan- Dec 2022). This is an increase of 55%.

Supporting the Economic Recovery and Our Communities

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

2022/23 Contracted Spend: 90.8%.

2022/23 SME Wins: 87.6%

We effectively planned and coordinated the release of tenders to avoid overwhelming the market, in particular the local market, by issuing invitations to tender where the regulations allowed. For 2022/23, we awarded 152 contracts and of these 123 were Quick Quotes (ITQ's).

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

2022/23 Data			
Total No. of Tenders	No. of tenders receiving local bids	No. won by local bidders	Percentage success rate of local bids won to local bids submitted
152	34	29	85.3%

The level of local spend was monitored in 2022/23, and the overall percentage with our local suppliers was 37.3% - see detail below:

	Total Spend	Local Spend	Local Spend Percentage
2022/23 – Spend Distribution	£163,144,959	£60,856,127	37.3%

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

We are committed to maximising community benefits from our procurement activities which in turn deliver wider benefits for communities when contractors purchase the required goods, services and supplies for Argyll and Bute. We have been working closely with our suppliers to deliver additional social, economic and environmental value to our society. A total of 73 community benefits were achieved in 2022/23 through robust contract management.

We also simplified and streamlined our procurement processes, ensuring that documentation was as straightforward as possible. To support the economic recovery and emerging priorities for Argyll and Bute we work closely with colleagues within Economic Development and other collaborative stakeholders.

The Rural Growth Deal (RGD) will result in contracts totalling £70m to be delivered over 10 years. As such, there is significant opportunity to use the RGD investment to deliver enhanced community benefits. We are working to ensure suppliers meet their obligations with regard to community benefits.

Business Start-Ups and Support – Two Case Studies

The number of business gateway start-ups has dropped slightly over the financial year, but is it hoped this will improve during 2023/24 as the Argyll and Bute Business Gateway Team recently launched a start-up grant funded by the UK Shared Prosperity Fund.

During 2022/23 we worked hard to ensure that the financial help available to businesses was correctly awarded and quickly paid out. In total we awarded nearly £18 million of Non-Domestic Rates reliefs to support local businesses.

The following are two case studies illustrating how Business Gateway has supported these businesses to grow.

Aosdàna

Based on the Isle of Iona, Aosdàna designs and manufactures contemporary jewellery with a Celtic influence.

Business owner, Mhairi Killin, founded Aosdàna in 2003. Having operated successfully for almost two decades, most of Aosdàna's sales were generated from its gallery on the island, where some of the jewellery ranges are also designed and made. However, like many other small businesses, pandemic closures and subsequent travel restrictions meant the main source of income for Mhairi dwindled.

During this time, however, Mhairi, together with award-winning jewellery designer Maeve Gillies, won an Innovate UK award to develop a range of jewellery based on the heritage of original Iona silversmiths, the Ritchies.

Mhairi approached Business Gateway for support and guidance on how to reach a wider audience and generate global sales for the new range, the Kist o' Ritchies. She received 1:1 support from a dedicated business adviser, as well as advice on funding, a strategic review of her business, and signposting to a wider network.

“Support from Business Gateway has been so beneficial. Not only has their assistance helped me re-evaluate my business strategy, but it has also allowed me to invest in strong product photography for my website, which will help me greatly when launching into international markets later this year. I can't thank Business Gateway enough for their ongoing support.”

The Kist o' Ritchies collection utilises the latest manufacturing technology to navigate the lack of metalworking skills on the island, preserving the key historical designs from the 19th and 20th centuries.

The modern jewellery range will launch in spring 2023 and is expected to attract international markets including the USA and Canada.

Argyll Yacht Rigger

A Scottish yacht servicing business in Argyll & Bute is thriving after its owner received specialist start-up advice and grant funding from Business Gateway.

Following redundancy during the Covid-19 pandemic, experienced rigger Ian Burton launched Argyll Yacht Rigger, in June 2020. The Tarbert-based business provides a full range of services for pleasure and commercial yacht owners in the region, from complete re-rigs to installing new masthead electronics and winter maintenance.

Seeking to capitalise on this niche area of business, Ian approached Business Gateway in 2020 for advice on setting up his own business. As well as providing start up guidance, his local adviser facilitated specialist support which included employment advice and expert help on business growth and resilience. This support was crucial as Ian looked to build the business during the pandemic.

Business Gateway also signposted grant funding, helping Ian access financial support to expand. This included support from the Local Growth Accelerator Programme, funded by Argyll and Bute Council and the European Regional Development Fund (2014-20) Structural Funds Programme. With a referral made from Business Gateway, Ian was also awarded funding from Highlands and Islands Enterprise.

The grants enabled Ian to purchase higher-quality equipment, allowing him to deliver a wider range of services, increase capacity and cover a wider regional area. The growth has resulted in Ian employing a second member of staff with plans to hire an additional full-time rigger this year.

Ian said: "Starting your own business, especially in a rural area, can be daunting, however, the support of Business Gateway has been vital to a successful launch in 2020. Working throughout the pandemic, I was determined to expand the business and it was with the funding that Business Gateway helped me to secure that I was able to do this. I have now taken on my wife as my first employee to help with my bookkeeping, which has been an important function for us to maximise earning hours."

Mitigating the Delays for Taxi Licencing

As the licensing authority we must be satisfied that the health of individuals issued with a Taxi Licence meets our expectations. In order to do this we contact their Doctor on receipt of an application. We realised that customers were experiencing significant delays in receiving a response from their Doctor. This in turn meant that customers could not receive their licenses timeously and therefore could not trade. This had inevitable negative economic consequences, with the frustration experienced by our customers made clear to us, both verbally and in writing.

We are committed to using all forms of customer interaction to help us identify possible service improvements and offer better choices. As a result of the clear frustration described in the communication we undertook a period of consultation. We contacted all 389 private hire/taxi drivers and operators in the area asking for their feedback on a proposed solution of engaging the services of an external agency to undertake the required medical check.

This solution was endorsed by customers and has since been implemented, we have the required confidence to issue a taxi licence, customers do not face delays in the processing of their applications and negative economic consequences are reduced.

Generating Income for the Council

We have generated over £560,000 by selling off surplus property assets and generated annual income of £31,750. This is part of our strategy to divest surplus property assets and generate income from our estate.

Notable sales include:

- The former Innellan Primary School
- The conclusion of the Castle Toward sale
- The marketing of the Helensburgh Waterfront commercial site, which attracted 9 international, national and local bids for the site with a significant local community engagement exercise undertaken.
- Oban Airport marketing has generated 3 significant aviation related business interests for the business park. These will be identified with the outline business case to be completed in 2023.

We are developing a Strategic Outline Programme. This will cover potential opportunities for the Council to develop a number of its assets on a more commercial basis and will be delivered over a number of years, with the immediate focus being a new Business Park at Kilmory, and commercial developments at Helensburgh's waterfront.

We secured ongoing commercial planning / building standards work from other local authorities. Not only is this important for us to provide a balanced budget, but it also supports communities in these other Council areas.

Events and commercial catering continues to grow with the recent addition of a new commercial café this year -The Pier Point Café, Helensburgh and Lomond Civic Centre in late 2022. Work is well underway to open another commercial café, the Corranbuie Café, Tarbert Holiday Park in July 2023. Event and commercial income is slowly recovering from the impact of the pandemic, with a number of large festivals and private weddings having been hosted throughout the course of the year.

Rural Growth Deal – Two Projects Growing Visitor Numbers

The RGD includes a tourism and place programme which will focus on 2 local projects aimed at growing visitor numbers in the region. The Kintyre Seasports project will regenerate Campbeltown Sailing Club to provide a facility which can grow marine based tourism activities in Kintyre. This will build on the successful programmes already being delivered by Kintyre Seasports which has 10% of the Campbeltown Grammar School role enrolled. This facility will also enable an uplift in local events such as community regattas and sailing competitions which will result in an estimated 700 more visitor trips to the local area per annum.

The RGD will also invest £9m in Rothesay Pavilion which will significantly reduce the funding gap on this project. The Pavilion has the scale and ambition to be transformational for Bute and will provide a key visitor attraction when complete. This will include a fully refurbished and equipped main auditorium with sprung dancefloor and a capacity of up to 800 seated and 1200 standing; a new second venue with a capacity of 80-100; a contemporary gallery space; shop and box office; café; two bars; meeting room; music and media education studio; and supported office space. In addition, there will be outdoor seating and landscaped garden areas. Programming during the high season will target visitors (short stay and day) with festival-based and themed events and high-quality unique exhibitions. Examples will include vintage fairs, comedy weekends, beer and food festivals, family shows, and dance holidays. These will link in with other tourism and cultural organisations on the island to ensure joined-up experience-based and holiday focussed marketing with an emphasis on the cultural tourist.

Rural Growth Deal – Mull Housing Pilot

As a result of successful funding applications the progress of the Rural Growth Deal Housing Pilot has been accelerated. We are now able to press ahead with preparations for the delivery of much needed worker housing in Tobermory, Mull. This need was initially identified by research undertaken by the Mull and Iona Community Housing Trust. Restrictions to economic growth as a direct result of the shortage of housing for workers were identified. The Housing Service is working with Mull and Iona Community Housing Trust (MIGHT) to devise a housing type and tenure model which will, if successful allow MIGHT to operate as managers of a bespoke property leased to them by the Council.

This will then provide accommodation for workers in the local economy, either for seasonal work, and or a landing pad type accommodation for those who have arrived on the island to take up permanent positions. This is a pilot project and has the potential to be rolled out further. A site start is currently planned for April 2024, subject to securing the necessary planning, building control and roads consents.

Clyde Engineering and Innovation Cluster

The Clyde Engineering and Innovation Cluster (CEIC) project will be supported with up to £7m from the UK Government. The impetus for this project comes from the expansion of HM Naval Base (HMNB) Clyde through the Maritime Change Programme (MCP). The MCP will consolidate the UK's submarine fleet and all its support services to HMNB Clyde.

The Rural Growth Deal provides a unique opportunity to support this transformational programme of change and maximise the local economic benefits. This project will deliver new, modern commercial business space. It will also represent Phase 1 of a potential business and engineering cluster at Colgrain Business Park near Helensburgh.

In developing the CEIC proposals we have been working closely with key partners including the MOD, Royal Navy, Scottish Enterprise and key industrial partners currently delivering services at HMNB Clyde.

The Rural Growth Deal investment aims to:-

- Maximise the economic opportunity from the £1.3bn investment into HMNB Clyde.
- Secure the economic opportunity for Helensburgh and Lomond and the wider Argyll and Bute area by addressing the current lack of available commercial accommodation.
- Providing modern, commercial accommodation will support the development of engineering and supply businesses.

West Coast Unmanned Aerial Vehicle (UAV) Logistics and Training Hub

This project will be supported with investment of up to £4m from the UK Government subject to the approval of a full business case.

This project will invest in new business park infrastructure at Oban Airport. Recent trials using drone's to provide essential services to some of the most fragile rural and island communities have been successful. The investment will enable it to become a leading innovative research and development centre for UAV technologies.

The centre will deliver Scotland's first specialised drone training and research centre. Providing enhanced Research & Development capabilities, space for UAV pilot training, laboratories, and lecture suites. The UAV Hub will also provide state of the art hangars with maintenance facilities for UAVs and general aviation aircraft. Oban Airports' position on the West Coast of Scotland will also provide enhanced capability to trial Beyond Visual Line of Site (BVLOS) flights in controlled airspace. This will support the safe integration of UAV's and general aviation traffic across the UK, future-proofing our airspace for all users.

Corporate Outcome: We have an infrastructure that supports sustainable growth

Number of Indicators: 5

Number on Track: 5

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
The percentage of waste that is recycled, composted or recovered	45.00%	43.80%	49.30%	48.30%	52.00%	G	There was an overall improvement in recycling performance in 2022 which was mainly due to an increase in green garden waste and wood waste tonnages sent by Renewi from the PPP area for onward composting and recycling. There was also an improvement in recovery performance in 2022 mainly due to a trial carried out by Renewi in the PPP area whereby Renewi sent circa 1,500 tonnes of general mixed residual waste (mainly from their Dalinlongart waste facility near Dunoon) to an Energy from Waste (EfW) plant in the central belt
The number of tonnes of waste sent to landfill (Biodegradable)	21,500	18,577	18,435	18,772	18,165	G	The annual tonnage of biodegradable waste to landfill has reduced from previous years calculation of tonnage. Based upon the current annual tonnage, there is a significant reduction of waste to landfill. The reduction is 3,335 tonnes based upon the corporate level specified at 21,500 tonnes.

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Percentage of street cleanliness	73.00%	79.00%	81.00%	79.00%	83.00%	G	The level of street cleanliness throughout Argyll remains at a very good standard on the areas which Keep Scotland Beautiful have highlighted for inspection. The national standard has a pass rate of 67% however the service has set its own target of 73% and remains well above this target.
The percentage of roads in need of maintenance as defined by the annual survey	No Target	54.20%	52.50%	NO DATA	49.70%	No Target	The covid-19 pandemic interrupted the 2019-20 and 2020-21 annual road condition assessment programmes which meant island roads were unable to be surveyed. However this year's survey results show a marked improvement in overall condition since the last normal survey from 54.4% to 49.8%. The results also show, for the first time in the last 8 years of reporting, that more than half our road network is within the green or good condition band, which demonstrates the success road maintenance teams have achieved across the authority.
Carbon emissions relating to Council activities (Council carbon footprint) tCO ₂ e = tonnes of carbon dioxide equivalent	Net Zero tCO ₂ by 2045	28643	26619	28218	26,512	G	There has been a reduction of 1,705 tCO ₂ e on total emissions for the previous year. Projects delivered by the Council that have contributed to the reduction in emissions include: <ul style="list-style-type: none"> • LED Streetlight Replacement programme • Solar pv and LED lighting installations at Council assets • Installation of low carbon heating systems (e.g. air source heat pumps)

Flood Protection and Marine Works

We have progressed our assessments, watercourse clearance works, flood incident investigation and provision of flooding advice. A watercourse inspector along with additional engineers have been recruited to assist the flooding team, these posts will help to deliver the council's obligations in terms of Flood Risk Mitigation.

Campbeltown Flood Protection Scheme

Construction of the Campbeltown Flood Protection Scheme started on site in September 2022. It is the first scheme to be promoted by Argyll and Bute Council under the Flood Risk Management (Scotland) Act 2009. Budgeted to cost £15.215M and funded 80% by Scottish Government and 20% by Argyll and Bute Council.

There are a number of elements to this piece of work. Essentially, surface water has been removed from the combined foul drainage system, this reduces the amount of water that needs to be treated in the sewage treatment works. This required the construction of a storage tank under Burnside Square, small ponds on the “Meadows” and the construction of a reservoir to the south of Snipefield Industrial Estate were also required.

These ponds and the reservoir will remain dry for the majority of the time, and will provide holding capacity during a storm event, where water will be held and ultimately slowly discharged into the sea.



Both the “Meadows” and the “Burnside” sections of the work are largely complete with final works planned for Sept/October 2023. Burnside Square is open to the public, with car parking to be available shortly. Road resurfacing is ongoing along the streets where pipework installation has been completed. Work on the “Millknowe” section (the flood storage reservoir) is ongoing. The Contractor has completed piling works and has substantially completed the embankment and spillway structure. The “Dalaruan Street” section (for culvert upsizing) is the final phase to commence which will also enable utility works to commence.



First photo shows the reservoir which will be dry the majority of the time, only holding water during a flood event.

Second photo shows the drilling rig used to insert the steel sheet piling which forms the walls of the reservoir.

Third photo shows Burnside Square during the construction of the tank.

Additionally we have progressed to a cloud based Flood Risk Management System which enables flooding information to be held in a safe and appropriate format.

Piers and Harbours

Marine Infrastructure and Ferry Services

The restructure of our larger harbour infrastructure and reviewed legislation have led to an additional number of Piers and Harbours. Argyll and Bute Council is the Statutory Harbour Authority at 7 locations and a marine asset owner at a further 29 marine facilities located throughout the Council area. All remedial actions required to close out audit findings have been completed, with the ongoing audit regime visiting Rothesay later this year.

Ferry Services

All our ferry routes operated according to timetable with additional sailings put on to cope with increased demand. We are reviewing the previous works and studies carried out around the ferry services we provide and the infrastructure they need now and for the future.

The replacement of the Jura ferry remains the priority and work is underway towards the installation of appropriate passenger access at Feolin on Jura. We have undertaken a topography study at Feolin with a view to tendering a design build for the passenger only access for those periods

when the vehicular vessel is not available. This will make a very significant improvement to the connectivity issues when there is a breakdown on the Eilean Dhiura and will likely be in the form of a gangway and pontoon near the existing slipway.

Tobermory Wall and Rails

The council secured funding in the region of £450k to make improvements to the front rails at Tobermory Main Street and help alleviate some of the flooding issues associated with Tobermory. A new higher wall was installed to which the upgraded rails were attached to, as well as a flood barrier/gate and flat valves. As part of this project the council will also be making road surfacing improvements to the area of car parking adjacent to the wall.

Design details were discussed with stakeholders to accommodate the wishes of the pier users such as realigning the flood barrier to reduce impact to the pier stones. From this design the council obtained a listed building consent and secured a local contractor through the tendering process. The council has been physically supervising the site on a weekly basis and continue to maintain contact with the affected stakeholders as such. This has enabled revising construction sequences to address summer tourist season for directly affected businesses.

The majority of the works programme is targeted to be complete by December 2023 with the flood barrier construction across Fisherman's Pier to be completed in January/February 2024.



Oban Harbour Revision Order

Informal discussion have been ongoing to finalise the Oban Harbour draft Harbour Revision Order (HRO). The draft HRO has undergone some changes to the content order, formatting and points of specific interest e.g. definitions and references.

A final draft of our Harbour Revision Order for Oban was approved for submission to Transport Scotland by the Harbour Board. The formal part of the process will now proceed, including public consultation.

The Terms of Reference for the proposed Consultative Forums have been drawn up. These are based on the guidelines and recommendations of the Port Marine Safety Code (PMSC). It is proposed to have two Consultative Forums. One will be a group consisting of the organisations with financial and legal responsibility in the bay. The other will consist of the stakeholders and communities who rely on Oban Harbour.

Recruitment has been completed to ensure a smooth first step is made in preparation for the new shift patterns once the HRO is in place.

Iona Slipway and Breakwater

The Breakwater planning application is progressing with a view to tender later this year. The contract is expected to be awarded summer 2024 with a completion date of summer 2025. However, it should be noted that the present forecast of a 1 year construction period may be subject to the contractors work scope and supply chains, particularly the rock armour.

We have received a quote to complete the Slipway work started by the previous contractor. There are some issues to finalise which are being addressed. Due to the nature of some issues we initially had no returns from known contractors, this can signify problems with completing the works.

We are currently considering the issue and comments, views and thoughts from the pier users have been requested.

Fionnphort

The work to progress key pieces of marine infrastructure to allow for full and unfettered access to and from Iona is ongoing. The Environmental Impact Assessment is in process including the socioeconomic assessment. Work is ongoing to address the potential issues with CalMac Marine regarding swept paths etc. Once Marine Scotland have approved the Environmental Impact Assessment we will continue with the licences, etc. with a view to tender in the summer of 2024 approx.

Port Askaig

In April 2018, Scottish Ministers announced that Islay would be next in line for new vessels to replace the MV Hebridean Isles. As part of the New Islay Vessels (NIV) Project, the Port is being assessed and upgraded to accommodate the larger capacity ferry with the first vessel expected to be delivered by October 2024 and will enter service following sea trials and crew familiarisation. The second vessel will follow in early 2025.

Land Based Developments

Road Reconstruction

During this financial year we carried out a programme of road improvements. The Council invested nearly £10m with additional funding from the Timber Transport Fund in the region of £1m. This allowed us to complete over 80 individual road reconstruction schemes which will improve the overall road network, contributing to keeping Argyll and Bute open for business. As a result of this ongoing prudent investment and proportionate and appropriate engineering choices, the overall road condition continues to improve, and we recorded the most improved road condition in over 15 years.



Road Condition Improvements

Continuing the trend of improvement / arresting the decline in our road network, Our Annual Status and Options Report sets out the benefits of continued investment in our road network and highlights the critical risk of underinvestment.

Although our network has seen a welcome improvement in recent years, we would need to spend in the region of £10-11million annually to maintain a 'standstill' position, and significantly more to see continued improvements. Year on year budget consultations and public feedback has shown the importance of roads to our communities – maintaining the required level of investment is likely to be challenging in future years given the predicted decline in available capital funding. This brings with it significant engineering, economic, financial and reputational risks for the Council.

We continue to deliver a range of different technical solutions that are designed to be proportionate for the use of the road and take into consideration the island and rural geography of Argyll and Bute.

Winter Maintenance

The council is responsible for carrying out winter maintenance, the removal of ice and snow, to its 2,300km of road. There is a network of roadside weather stations which together with specialist forecasting surveys provide bespoke treatments across the council area utilising 32 separate routes.

Key facts from this winter season:

- 66 full fleet runs
- 2,238 individual vehicle runs
- Highest turned out route A819 Inveraray to Dalmally
- Total distance travelled 105,902 miles
- Salt used 12,535 tonnes
- Total spend £2,661,350.04



Bridge Maintenance and Renewal

We previously secured £5.5m funding through the Scottish Government Local Bridge Maintenance Fund. This was a hugely competitive fund available to all Scottish local authorities. We received the second highest grant which allows us to replace / strengthen 9 existing bridges. To date each bridge has been through an assessment and design process involving various stages including Ground Investigation (GI) where new bridges are required. This GI work is being used to inform the detailed design, construction methods etc. Work will be ongoing into 2023/24 financial year

The bridges to be replaced and the work status are:

- A849-280 Pennyghael Bridge (Feasibility Report Completed)
- A816-120 Oude Bridge (Public Consultation in October)
- B844-010 Kilninver Bridge (Feasibility Report Completed)
- A846-270 Glenegeedale (2) Bridge (Public Consultation in October)



Bridges to be strengthened and the work status are:

- B842-150 Whitestone Bridge (Works to be tendered Autumn/Winter)
- B842-010 Claonaig Bridge (Under Detailed Design)
- A815-230 Cothouse Bridge (Works to be tendered Autumn/Winter)
- B839-050 Lochgoilhead Bridge (Under Detailed Design)
- B840-140 Ardchonnell Bridge (Tender Works Awarded)



Additionally during 2022/23 we carried out a total of 23 major maintenance schemes along with a number of minor maintenance works on road structures.

Claoniag Landslip

This project has been progressed by a specialised geotechnical consultant. The detailed design is slightly complex as the hill is sliding / moving down towards the stream and therefore complicating the solution. A tender package is in the process of being developed alongside continuous consultation with the landowner, SEPA and Openreach. There are a number of complexities affecting this project including work consents, land acquisition and challenging ground conditions.

In the meantime the council continues to monitor the landslide.

Tobermory Cemetery Expansion

There was limited burial capacity in Mull. To resolve this an £820K extension to the existing Tobermory site was constructed. This has increased the number of lairs by 192, with each lair being 3 deep.



Protecting the Drinking Water Supply

In line with The Water Supply (Water Fittings) (Scotland) Byelaws 2014, Scottish Water require a number of piers under Argyll and Bute Council ownership to be upgraded. This is to ensure private and local public water supplies are protected from any backflow contamination and that harbours / terminals / pontoons etc. are adequately protected.

We are currently working on four sites - Oban, Campbeltown, West Loch near Tarbert and Carradale that require upgrade works. A Contractor has been appointed and work has commenced at three of the four sites. All four sites are expected to be completed late in 2023.



Deliver the ICT and Digital Strategy Action Plan - Our aims

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

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

The 2021-24 ICT and Digital Strategy Action Plan has approximately 100 actions. The majority of actions are progressing satisfactorily and to target. Along with highlights noted below from the 2021-24 ICT and Digital Strategy Action Plan we have managed to maintain the average time to resolve ICT incidents. We have operated well within our service level targets with service levels at or above previous levels and our response times were as good as previous years.

Microsoft365 (MS365)

We led on the national project for MS365, working with the NHS and Digital Office to provide shared MS365 calendars, address books, distribution lists, instant messaging and presence management across NHS and Council MS365 platforms.

Within the Council, phases 2 and 3 of the M365 project are now being implemented. A Council-wide support network of Digital Champions has been set up to encourage more efficient and effective use of M365 across the organisation along with the introduction of an extensive M365 training programme.

ICT Partnership Working

We continue to work closely with the NHS to improve efficiencies and removing work barriers. Council staff now have access to the NHS ICT system. Now both Council and NHS staff within the Health and Social Care Partnership (HSCP) have access to systems in both organisations which greatly improves efficiencies and customer service.

We are providing an opportunity for sharing public sector resources by addressing common challenges and working together to improve outcomes for Argyll and Bute. We continue to develop and promote the use of our #abplace2b campaign. The campaign promotes the area as a great place to live, work; and to attract the people, skills and investment the area needs.

We have refreshed our abplace2b.scot website and developing the use of it by our partners, for example the HSCP is using it for its recruitment campaign.

We have also assisted Live Argyll with the ICT aspects of the new Helensburgh Waterfront Development (HWD).

New Ways of Working with ICT and Data

As well as the day to day challenges of managing a high profile IT network we have implemented a raft of improvements to support working efficiencies. These include a new self-service facility with our ICT Service Desk system and working with finance colleagues to introduce the new Oracle Cloud financial management system

We are currently developing and implementing a new Data Strategy. A key aim of this strategy is to evaluate, design and implement a new Data Platform. Not only will the Data Platform enable us to measure and report on performance, importantly we will be able to combine data sets and make better use of our data to help improve decision making at all management levels, thereby ensuring that evidence based decisions are made.

Capital Investment and Central Repairs Delivered

We have successfully delivered a programme of capital investment totalling £7.5M. Included within the wide variety of investment projects were 50 projects relating to energy efficiency, reducing fossil fuel consumption and renewable energy generation. This included solar panels, air source heat pumps and new automated control systems in our buildings, mainly in our schools.

As well as delivering the additional investment projects the emergency, planned and statutory maintenance programmes were successfully delivered, resulting in improved customer satisfaction. Additionally a separate large-scale project reviewed the water, waste water and drainage charges for the Council. The results of this project has delivered one-off refunds in the region of £500,000 and year-on-year savings of more than £100,000 per annum.

Helensburgh Waterfront Development

The new facility features a 25-metre main swimming pool and training pool, luxury health suite with steam room and sauna, a café and shop, fitness studios and a gym with panoramic views of the Clyde. The centre, operated by LiveArgyll, is fully accessible and includes a changing places facility, a floating moveable floor in the training pool and poolside pods for anyone with mobility issues to access the pool independently.

The completed leisure and public realm development was a 'Placemaking' finalist in the national Planning Awards 2023 and was shortlisted for "Best Construction Projects GB&I" for the Construction Employers Federation (CEF).

Our Workspace – Reducing Costs and Increasing Efficiencies

Our Modern Workspace project is progressing well. The project is reviewing how we use our workspace, reduce costs and increase efficiency. Four Hub Buildings are now complete with two due for completion by the end of 2023. Ten under-utilised buildings have been repurposed or mothballed. The entire project (excluding Lochgilphead) is being delivered through existing capital programme budgets and Scottish Government Place Demonstrator Funding (£664K awarded to deliver Rothesay Project).

The Project has delivered significant savings from rationalising shared offices through –

- Non-Domestic Rates relief on the buildings that have been closed.
- A reduction in utility consumption.
- A reduction in cleaning costs.
- A reduction in the number of printing devices required
- A reduction in paper and the need to print as we adopt a more digital approach to Service Delivery.
- A Reduction in annual ICT network charges, such as ISDN lines and broadband charges.
- Reduced ongoing cost pressures for replacement of network equipment (Wi-Fi access points / server switches etc.), where possible network equipment has been utilised in other locations.

These savings and ease on cost pressures will continue to grow as the Our Modern Workplace project continues to deliver town by town

Carbon Emissions Relating to Council Activities

In line with Government requirements, all Rural Growth Deal business cases require to include carbon management plans detailing how whole life carbon emissions on projects will be managed throughout the lifecycle of these investments. As such, all infrastructure delivered using Rural Growth Deal funding will require to be designed to be as energy efficient as possible (with the fixed funds available). The Rural Growth Deal - Programme Management Office (PMO) also chair the National PMO Decarbonisation Sub Group which is a forum including all growth deal teams in Scotland where best practise relating to decarbonisation and the journey towards net zero is shared This group includes policy leads from the Scottish Government.

Rural Growth Deal – Islay Low Carbon Project

As part of the RGD we are also developing a project for Islay with a focus on the journey towards net zero. Due to grid constraints this has focused on local, domestic retrofit however, there is an opportunity to work with the distilling industry to look at using £3m via the Rural Growth Deal to undertake a larger scale project be leveraging private sector investment. Bio-gas or waste heat are options being considered but this is in the early

stages and subject to commercial sensitivities. The Rural Growth Deal will feed into the work being undertaken as part of the Scottish Governments Carbon Neutral Islands programme as Islay is one of six Scottish Islands included. This will require a whole systems approach focusing on grid, renewable energy, transport, heat, land use etc.

Corporate Outcome: Getting It Right

Number of Indicators: 5

Number on Track: 4

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
Increase the percentage of all Self-Service and automated contacts	72.00%	71.10%	71.10%	73.10%	75.00%	G	The target was to achieve 72% of self service or automated contact interactions through the Contact Centre and online channels, and the actual final percentage was 75% (up from 73% in 2021/22), with total interactions increasing to 598K (up from 563k in 2021/22) of which 450,440 were automated or self-service and only 147,460 were mediated. Of the mediated transactions, 67% were telephone calls, 14% face to face through service points and 11% were emails
Sickness absence days per employee (non-teacher)	No Target	12.3 Days	10.0 Days	13.4 Days	14.3 Days	No Target	In 2022/23 LGE staff absence has increased by 0.90 work days lost per FTE to 14.3 days. The top three reasons for sickness absence were 1. Stress/Depression/Mental Health; 2. Infections and 3. Other Musculoskeletal Problems. From 1 July 2022 Covid absences began to be recorded under normal sickness absence, along with no Covid restrictions it is likely to have accounted for infections moving into the top 3 reasons for absence. The increase in sickness absence to beyond pre pandemic levels mirrors the national picture with data from the Office of National Statistics which showed that the number of working days lost hit a record high in the UK in 2022 (calendar year).
Sickness absence days per Teacher	No Target	7.7 Days	4.4 Days	5.6 Days	6.2 Days	No Target	In 2022/23 Teachers absence has increased by 0.60 of a day to 6.2 work days lost per FTE. The top three reasons for sickness absence were 1. Infections;

Corporate Outcome Indicator	Target	Actual For 2019/20	Actual For 2020/21	Actual For 2021/22	Actual For 2022/23	Status	Commentary
							2. Stress/Depression/Mental Health and 3. Stomach/Liver/Kidney/Digestion. From 1 July 2022 Covid absences began to be recorded under normal sickness absence, along with no Covid restrictions it is likely to have accounted for infections moving into the top 3 reasons for absence. The increase in sickness absence to beyond pre pandemic levels mirrors the national picture with data from the Office of National Statistics which showed that the number of working days lost hit a record high in the UK in 2022 (calendar year).
Level of employee satisfaction	TBC						Awaiting Survey Launch
Level of customer satisfaction	92.5% (Combined)	93.40%	95.60%	92.00%	97.60%	G	The Customer Engagement Team closely monitors all aspects of customer satisfaction across the various channels and services used by customers and the 2022/23 outcomes were very positive: - The Customer Service Centre had 967 survey respondents to its survey of telephone callers and averaged 96% customer satisfaction - The Registration Service had 333 respondents to its service satisfaction survey with a 98.7% satisfaction rating - There were 975 users of the Customer Service Points who completed a survey and 95.8% of them were satisfied, with a very small number of comments about walk in opening hours. - The corporate website had an 86% overall satisfaction rating with the transactional forms element being higher at 92% and the new marriage website at 96.4% of satisfied visitors. Naturally all returns were analysed to determine if any improvements were needed, but comments were overwhelmingly positive and where staff were named the feedback was passed on to them.

Responding to our Customers on Time

Where possible the Targets for Freedom of information requests, Subject Access Requests and Complaints Resolved at Stage 1 were met. All of which have been impacted by Covid and high volumes of requests.

Increasing the Use of our Website and Self-Service Tools

The target to increase the percentage of all Self-Service or automated contacts through the Contact Centre and online channels was 70%.

The actual percentage achieved was 75%, this is up from 73% in 2021/22. The total number of interactions increased to 598,000, up from 563,000 in 2021/22.

2022/23 ALL TOTALS	Q1	Q2	Q3	Q4	Total for Year	% for Year
Mediated Transactions (CSC/CSP)	39166	37574	33921	36799	147460	25%
Automated Information (voice and web)	124072	84151	60485	66844	335552	56%
Automated Transactions (voice and web)	26463	30969	28964	28492	114888	19%
Automated Information + Transactions	150535	115120	89449	95336	450440	75%
Total	189701	152694	123370	132135	597900	

Table showing the volume of all transactions by financial quarter during 2022/23

Many of the automated and self-service interactions were driven by the high usage of the corporate website, which for the first time had over 4 million page views in a year and over 35,000 online forms were submitted.

During the year the Web Team were very focused on the building of the new corporate website ready for launching in 2023/24. Even so, there was a raft of new features and services that encouraged the continued shift to digital, including:

- The roll out of the online webchat bot 'Abbot' and Smart Assistant to all web pages which was used 5,733 times.
- The launch of the new Google smart speaker system, complementing the existing Alexa service. Together they have been activated by more than 2,000 customers; largely to receive bin day related information and alerts.
- The creation of a range of online, interactive, cost of living support resources. These include the Scotland Loves Local Card, the Flexible Food Fund and the preloved school uniform recycling initiative.

- The continued roll out of new School websites, so much so that at year-end 43 schools have live sites with a further 22 schools at various stages of completion.
- Three new online processes in relation to Primary and High School pupil registration and the Summer Schools Activities Programme.
- A very significant set of online resources for the new Short Term Lets licensing laws with online application form and register of applications.

We continued the focus on making the online resources as accessible as possible. The website averaged a score of 98 out of 100 on the independent Silktide index. This index is the global accessibility league table of all public websites. To further support access to our online resources by our customers that have visual and language related issues we invested in upgraded “Reachdeck”, which is supported browsing technology.

Our voice automated services also continue to be very popular with 46,000 switchboard and payment transactions totalling £1.5M were made using the service.

Overall the shift from expensive mediated activities to low cost digital channels in 2022/23 resulted in £940,000 worth of efficiencies, continuing to build on the efficiencies of the previous years:

Year	Channel Shift Transactions	Efficiency Value
2018/19	267,018	£464,865
2019/20	390,234	£670,710
2020/21	440,165	£914,871
2021/22	418,316	£915,172
2022/23	467,482	£939,607

Table showing the volume of transactions that have shifted to digital and the total value of monetary saving by financial year

Improving Our Customer Service

Being informed and involved about issues, services and opportunities affecting them plays an important part in customer satisfaction. Officers are supported with developing the survey content and promoting surveys on different topics.

The Customer Engagement Team closely monitors all aspects of customer satisfaction and the 2022/23 outcomes were very positive:

- The Customer Service Centre had 967 survey respondents to its survey of telephone callers and averaged 96% customer satisfaction.

- The Registration Service had 333 respondents to its service satisfaction survey with a 98.7% satisfaction rating.
- There were 975 users of the Customer Service Points who completed a survey and 95.8% of them were satisfied, with a very small number of comments about walk in opening hours.
- The corporate website had an 86% overall satisfaction rating with the transactional forms element scored 92% and the new marriage website scored 96.4% satisfied visitors.

All returns were analysed to determine if improvements could be made, but comments were overwhelmingly positive and where staff were named the feedback was passed on to them.

We are continually working to improve our customer service. Both Building Standards and Legal and Regulatory Services not only achieved reaccreditation but increased the number of Compliance Plus elements awarded.

Other ways that we are improving our customer service experience is the digital “User forum” for Building Standards customers to highlight issues with the service, changes to the Technical Standards, how this impacts on the customer and an opportunity to discuss their issues.

Supporting our Community Councils

We oversaw the successful delivery of Community Council Elections in October 2022. A review of the Scheme for the Establishment of Community Councils was also undertaken and agreed at the end of September 2022. A total of 54 of a possible 56 Community Councils are now formed and the team attended all 54 inaugural meetings to formally set up the Community Councils.

We continue to develop social media to help communities get the support they need, for council and communities to work together through engagement exercises, and promoting council and area challenges and opportunities. Our combined corporate social media channels grew by 10% last year. Our use of social media successfully signposted 80,000 people to the information they could access quickly and easily on the council’s website.

Local Government Elections and Supporting New Elected Councillors

We delivered the Local Government Elections in May 2022 and the subsequent induction process for our 36 Elected Members. These elections resulted in a turnover of more than 50% of Members. This posed a significant challenge to ensure that all Members are prepared and able to carry out their roles. Along with delivering the Local Government Election in May a review of Political Management Arrangements was concluded in advance of the new Council being elected. Post-election activities include relevant training for those appointed to the Regulatory Cohort, the Audit and Scrutiny Committee and supporting the new Policy Leads into their roles.

The Elected Member case management system has been reviewed. This has resulted in a new, more self-service system being introduced called “Member Zone”. The new system is more user friendly and enables our Elected Members to operate the system to manage their constituent queries.

Looking After our Financial Assets

- The Council's Counter Fraud Team is in place in order to enhance the Council's zero tolerance to fraud and protect the public purse. During 2022/23 the team rebilled £877k as a direct consequence of their work and have recovered £684k of that total to date.
- We collected 96.72% of Council Tax exceeding the target of 96.00%.
- Positive External Audit Annual Audit Report received and reported to Council in November 2022.
- Financial monitoring packs and Budget Outlook were submitted to each Policy & Resources Committee.
- The average investment rate for 2022/23 was 2.149% and the investments generated £2.178m of interest during the year.
- We processed 98.39% of invoices due within 30 days, exceeding the target of 95.5%.
- The 2022/23 internal audit plan was fully completed and reported by the target date of the June Audit and Scrutiny Committee. The external audit of the Housing Benefit subsidy claim of £16.792m was completed by the statutory deadline and an unqualified audit letter was received.
- The external audit of the Council's Non-Domestic Rates Income (NDRI) Notified Return of £34.886m was completed by the statutory deadline with an unqualified audit certificate being received.

Retaining Our Skilled Workforce

The council is a large employer in Argyll and Bute and the majority of our workforce live in Argyll and Bute. Redundancies of council staff may therefore affect the overall unemployment figures for our area. In 2022/23 80% of employees who were at risk of redundancy were successfully redeployed by finding suitable alternative roles for them within the council. This helped us to keep people in employment, retained valued skills within our workforce and saved the council £1.7million in severance costs.

Consultations – We Asked, You Said, We Did

We want to ensure that proposed developments are what our citizens and communities want. To help us obtain your views we post our consultations on our website. The following link will take you to the 'closed' consultations which relate to this reporting period. [Consultation Results | Argyll and Bute Council \(argyll-bute.gov.uk\)](#)

COUNCIL ANNUAL REPORT 2022/23 (SUMMARY)

[TO VIEW THE FULL 64 PAGE REPORT PLEASE CLICK HERE](#)

FOREWORDS

Councillor Robin Currie, Leader, Argyll and Bute Council

Scottish councils are living in interesting times, as the saying goes – and that has been the case for the past decade and more. Climate change; well-documented financial challenges; the ongoing reverberation of the impact of Covid; living costs; adapting to evolving national priorities; community aspirations and ambitions; these are just a few of the major shifts and challenges which Scottish local government has to contend with.

I am not, though, going to say that Argyll and Bute is no different – because we are different. We do indeed have the same larger-scale issues to face, but we must also do so in the context of our uniqueness – our mix of remote, rural and island communities, interspersed with some larger towns, the likes of which few other public agencies have to deal with.

And, for Argyll and Bute, there are some characteristics which remain constant and which give us the ability to evolve, to innovate, to learn, to improve, to respond, to take action, to prepare, even when so much of the local government landscape around us is shifting at pace.

In this Annual Report for Argyll and Bute Council, 2022/23, you will find more about these hallmarks of Argyll and Bute Council's approach, and how they are helping us to make the most of new opportunities and deal with existing and emerging challenges.

Our track record in efficient financial management has, yet again, allowed us to continue to invest in the key areas of council business which mean the most to our communities and help us to secure success now and in the future. At the same time, we have been able to minimise the impact on jobs and services. The sterling efforts of our dedicated, agile, committed workforce are key in all of this and none of it would be possible without them.

No council can resist change – but here in Argyll and Bute we are working hard to make change work for our communities who depend on our core services. We rely on our proven strengths – like good partnership working and financial prudence – and we strive for improvement, making space to learn and ensuring we stay flexible and innovative in such a rapidly changing national environment.

This latest Annual Report highlights many of the success stories we have been able to tell over the last year, about why Argyll and Bute is such a great place to live, to work, to do business, to be. It sets the scene for our continued growth and improvement in years to come – and building on what we've achieved this year increases our determination, our drive, our ambitions for Argyll and Bute's future success.

Pippa Milne, Chief Executive, Argyll and Bute Council

It is with pleasure that we present the Argyll and Bute Council Annual Report for the financial year 2022/23. This report provides overview of your council's activities, achievements, and challenges over the past year. As we navigate through the evolving landscape of local government and strive to meet the needs of our diverse and vibrant communities, this document offers transparency into our actions and progress toward the collective goals we have set for the region.

The past year has been marked by unprecedented challenges, from the cost of living crisis to economic uncertainties, and through-out this it has been a time of resilience, adaptation, and innovation for Argyll and Bute.

In this report we provide examples of our achievements and these efforts would not have been possible without the dedication of our council members, employees, and the active engagement of our community members.

As we move forward into the next year, we acknowledge that our work is ongoing. Challenges persist, and new opportunities continue to emerge. Yet, with the same determination and collaborative spirit that has defined our council, we remain steadfast in our dedication to building a stronger, more inclusive, and sustainable future for all who call Argyll and Bute home.

We invite you to explore this annual report and gain insights into our journey over the past year. Your feedback and support are crucial to our success, and we look forward to continued engagement as we work together to create a brighter tomorrow for Argyll and Bute.

Financial Statement

In 2022/23 the budget gap was £2.221m, prior to any measures to balance the budget, rising to over £37m over a five year period, with decisions made to bridge the 2022/23 gap, reduce future year pressures and protect vital services.

Furthermore, when agreeing the 2022/23 budget, the Council committed investment in key Council priorities including:

- £2.653m to undertake improvements and repairs to the Roads network
- £1m to help safeguard and support future funding for Argyll and Bute's Learning Estate Investment Programme
- £0.500m investment in Climate Change Projects
- £0.500m for active travel through further improvements of footpaths and supporting safer routes to schools.
- £0.300m to deliver a programme of street lighting
- £0.165m investment in third party organisations who support our Communities
- £0.100m invested in a litter bin replacement programme
- £0.100m to support Staycation investment

Over the course of 2022/23 the Council allocated over £4.3m to Council Tax accounts to support people through the cost of living crisis, awarded nearly £18m of non-domestic rates reliefs to support local businesses, paid almost £660k in Scottish Welfare Fund grants to support vulnerable people and over £800k of Discretionary Housing payments were distributed to households in need. During the year the Council also continued to pay grants to cover food and fuel for people in poverty and successfully referred them for support to advice agencies resulting in maximised benefit income and reduced fuel costs of over £2.5m by the end of the 2022/23.

Our Performance

2022/23 is the first year that the 47 Corporate Outcome Indicators have been used. Due to the nature of the change it is not possible to draw a direct comparison to previous years' performance however, where possible historic data is used to help identify the overall trend and progress on delivering our Corporate Outcomes.

Where appropriate a Target is used to track Performance and progress is identified using a Red or Green status indicator to track performance. Not all indicators have a Target, where this is the case the trend data is helpful for scrutiny.

For the majority of indicators the data is collected and presented annually, or even quarterly if this is possible and appropriate. However, in some cases the nature of the indicator means the collection of data results in a longer lag-time, or the data is collected biennially.

The following table illustrates how we have delivered on each of our Corporate Outcomes. This is followed by the detailed performance and supporting commentary for our Corporate Outcome Indicators.

Corporate Outcome	Number Of Indicators	Number On Track / Above Target / No Target With Improving Performance	Number Off Track / Under Target / No Data
People live active, healthier and independent lives	6	4	2
People will live in safer and stronger communities	4	3	1
Children and young people have the best possible start	8	7	1
Education, skills and training maximise opportunities for all	7	6	1
Our economy is diverse and thriving	12	10	2
We have an infrastructure that supports sustainable growth	5	5	0
Getting It Right	5	4	1
TOTALS	47	39	8

DELIVERING OUR OUTCOMES

Corporate Outcome – People Live Active, Healthier and Independent Lives

1. A total of £659,812 in Scottish Welfare Fund grants were paid to support vulnerable people.
2. A total of £804,839 of Discretionary Housing Payments was distributed to household in need.
3. During the year a total of 1,810 families have been supported to maximise benefit income and reduced fuel costs to the value of £2.527m.
4. We allocated £4.3 million to Council tax accounts to support people with the cost of living crisis.
5. We calculated and implemented contract rates for the Council’s early learning and childcare partners that enabled them to sustain their services and pay their staff at least the Scottish Living Wage.
6. Argyll and Bute Council’s Employability Team and Third Sector delivery partners assist people into work.

Corporate Outcome - People Will Live In Safer and Stronger Communities

1. Online and in person training has been delivered to over 50 community councillors.
2. Building Standards exceeded all targets for the 5 key national performance targets for 2022/23
3. New operational arrangements to deliver the short-term let licensing regime were developed.
4. Over 300 Ukrainian refugees have been welcomed to Argyll and Bute through the Scottish and UK Government's sponsorship

Corporate Outcome – Children and Young People Have the Best Possible Start

1. In order to improve outcomes for children and young people a new Counselling in Schools Service was implemented.
2. A sustained low number of exclusions for care experienced children and young people continues to remain below 5.
3. Bespoke training to support practitioners to increase their skill and confidence in delivering play and learning outdoors was delivered.
4. Argyll and Bute's free period provision 'My Tribe' brand has been identified as an exemplar of good practice across Scotland.
5. We won the Health and Nutrition Award 2023 for our school meals drone delivery pilot.

Corporate Outcome - Education, Skills and Training Maximise Opportunities for All

1. Eight schools have undertaken training and participated in using a Quality Improvement approach to support writing attainment at 1st level.
2. Digital learning is supported through the deployment of additional devices which have been provided from the digital poverty initiative.
3. Twenty networked college courses now feature in Senior Phase course choices and are available virtually to all S4-S6 pupils.
4. We were ahead of all of our comparators for Leavers' Positive Destinations. A total of 90% of our Care Experienced Young People progressed to a positive post-school destination.
5. Over £14m of Rural Growth Deal (RGD) investment will directly support skills and training programmes for local people.

Corporate Outcome - Our Economy Is Diverse and Thriving

1. The positive experience for visitors has been assisted by the actions delivered through the Staycation agenda.
2. A total of 73 community benefits were achieved in 2022/23 through robust contract management.
3. We have generated over £560,000 by selling off surplus property assets.
4. We secured ongoing commercial planning / building standards work from other local authorities.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

1. We have progressed our assessments, watercourse clearance works, flood incident investigation and provision of flooding advice.
2. Construction of the Campbeltown Flood Protection Scheme started on site in September 2022.
3. All our ferry routes operated according to timetable with additional sailings put on to cope with increased demand.
4. During this financial year we completed over 80 individual road reconstruction schemes.
5. A total distance of 105,902 miles was travelled during our Winter Maintenance Programme.
6. We led on the national project for MS365, working with the NHS and Digital Office.
7. The completed Helensburgh Waterfront Development was a 'Placemaking' finalist in the national Planning Awards 2023 and shortlisted for "Best Construction Projects GB&I" for the Construction Employers Federation.

Corporate Outcome - Getting it right

1. The shift from expensive mediated activities to low cost digital channels in 2022/23 resulted in £940,000 worth of efficiencies.
2. Our combined corporate social media channels grew by 10% last year.
3. Our use of social media successfully signposted 80,000 people to the information they could access quickly and easily on the council's website.
4. We collected 96.72% of Council Tax exceeding the target of 96.00%.
5. We processed 98.39% of invoices due within 30 days, exceeding the target of 95.5%.

SIGNIFICANT CHALLENGES DURING 2022/23

1. There is a national shortage of qualified professionals. We also experience difficulties in recruiting and retaining staff in the catering, cleaning and some areas of our Roads and Infrastructure Service.
2. The need for staff agility to being able to deliver unplanned demands.
3. Electrical grid limitations in terms of capacity/constraints continue to impact in terms of resilience and being able to deliver renewable solutions.
4. We need to ensure we are prepared to respond to a suspected or confirmed public health incident.
5. The Cost of Living Crisis impacts on our ability to deliver services across all service areas.
6. Large financial projects require staff resources from various teams across the Council. This puts pressure on our already stretched staff resources with no additional funding for additional posts.
7. The major rise in the levels of risk associated with cyber-attacks means the need for our ICT teams to be ever more vigilant and responsive has never been greater.
8. The Biodegradable Municipal Waste (BMW) ban is due for introduction in January 2026. This will affect the current waste collection and disposal methods.

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

To help with improvements we conducted a number of consultations and surveys. Here you can view the surveys undertaken. [Consultation Results | Argyll and Bute Council \(argyll-bute.gov.uk\)](#)

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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND ECONOMIC GROWTH****22 FEBRUARY 2024**

SCOTTISH GOVERNMENT CALL FOR NEW NATIONAL PARK NOMINATIONS

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government has announced its intention to designate a new National Park(s) during 2026. Early stages of the process for selecting new National Park(s) involved development of the assessment criteria and informal expressions of interest and this occurred during 2023.
- 1.2 During the spring of 2023, Policy Leads ELT were appraised of the process. Following that a Briefing Report was considered by PPSL on the 24th May 2023 ([May 2023 PPSL Brief](#)) which explained the forthcoming process and the likely issues which might need to be considered if a National Park was to be proposed by a local community group (see Appendix 2). The report outlined that, if a local group made formal proposals for a National Park within Argyll and Bute, the Council would need to consider if it wished to support that proposal or not. The report highlighted that it would be useful to raise awareness of the Scottish Government process by publicising the opportunity for communities to develop and pursue their own proposals. This was carried out by issuing a press release at the time.
- 1.3 The formal nomination process was opened by the Scottish Government on October 12th 2023 and runs until the 29th February 2024. Until January 2024, no Councillor nor community group had provided details of any proposed National Park within Argyll and Bute. Officers were aware of interest in the Loch Awe area and requested details for consideration. On the 20th January 2024, officers received details of a proposal for a National Park around Loch Awe. A website to support this has been created www.lochawenationalpark.scot. At this late stage it is not possible for the Council to take a considered view of the implications of the proposal and whether the Council wishes to support it or not. Notwithstanding this, the Council will be consulted by Scottish Government as part of the assessment process and will get opportunity to express its views at that stage.

RECOMMENDATIONS

It is recommended that Council:

- i. notes the information in the Report; and
- ii. notes that should a National Park within Argyll and Bute be proposed as part of the nominations process, the Council will get opportunity to express its views on such a proposal as part of the assessment process.

SCOTTISH GOVERNMENT CALL FOR NEW NATIONAL PARK NOMINATIONS

2.0 INTRODUCTION

2.1. The Scottish Government wishes to establish at least one new National Park by 2026. This paper provides an update of the process to date, notes that to date no Councillor or Community Group has proposed a National Park within Argyll and Bute, and outlines the forthcoming assessment process for any potential National Park nominations, and that the Council will be consulted as part of that process.

3.0 RECOMMENDATIONS

3.1 It is recommended that Council:

- i. notes the information in the Report; and
- ii. notes that should a National Park within Argyll and Bute be proposed as part of the nominations process, the Council will get opportunity to express its views on such a proposal as part of the assessment process.

4.0 DETAIL

Context

4.1 The Scottish Government has announced its intention to designate a new National Park(s) during 2026. A new overarching purpose for Parks of *“leading nature recovery and a just transition to net zero”* has also been proposed. The 2000 Act allows for the possible designation of land-based National Parks and coastal and marine National Parks.

4.2 The first two National Parks designated in Scotland were Loch Lomond and the Trossachs National Park in 2002 and the Cairngorms National Park in 2003. The aims of these parks are to:

- conserve and enhance the natural and cultural heritage of the area;
- promote the sustainable use of the natural resources of the area;

- promote understanding and enjoyment (including enjoyment in the form of recreation) of the special qualities of the area; and
- promote the sustainable social and economic development of the area's communities.

It is important to note that the aims for the original parks are wider than just the natural environment, also covering cultural heritage and sustainable economic development.

- 4.3 The Scottish Government may introduce differences between the approach to existing and new National Parks. For example, it has already stated that new National Parks will be treated differently to the existing Parks in respect of National Planning Framework 4 (NPF4) policy for onshore wind. To ensure any new National Park addresses the climate emergency and supports progressive development, the Scottish Government propose to develop new bespoke planning policy on onshore wind to be applied in new National Parks.

Process

- 4.4 Early stages of the process for selecting new National Park(s) involved development of the assessment criteria and informal expressions of interest and this occurred during 2023. There is a commitment to an open, transparent and bottom-up nomination process for selecting new National Park areas and it is proposed that the nominations will be assessed through a non-statutory evaluation framework. The stages and timing of the process are set out in Appendix 1.
- 4.5 During the spring of 2023, Policy Leads ELT were appraised of the process. Following that a Briefing Report was considered by PPSL on the 24th May 2023 ([May 2023 PPSL Brief](#)) which explained the forthcoming process and the likely issues which might need to be considered if a National Park was to be proposed by a local community group (see Appendix 2). The report outlined that, if a local group made formal proposals for a National Park within Argyll and Bute, the Council would need to consider if it wished to support that proposal or not. The report highlighted that it would be useful to raise awareness of the Scottish Government process by publicising the opportunity for communities to develop and pursue their own proposals. This was carried out by issuing a press release at the time.
- 4.6 The formal nomination process was opened by the Scottish Government on October 12th 2023 and runs until the 29th February 2024. Information on how to nominate a location and the subsequent appraisal process has been made available on the Scottish Government [website](#).

Known interest within Argyll and Bute

- 4.7 It is noted that no councillor, has approached Development Policy regarding a potential area for nomination within Argyll and Bute following on from the PPSL paper raising awareness of the issue and further publicity. Therefore no early consideration has been given to potential areas.

- 4.8 Until January 2024, no Councillor nor Community group proposed a National Park within Argyll and Bute. Officers were aware of interest in the Loch Awe area, and had requested details of any proposal. On the 20th January 2024 Council officers received details of a community group's proposal for a National Park around Loch Awe. A website to support this has been created www.lochawenationalpark.scot. It is assumed that a formal submission to Scottish Government will be made by the group. At this late stage and before the end of the nominations period on 29th February 2024, it is not possible for the Council to take a considered view of the implications of the proposal and whether the Council wishes to support it or not. Notwithstanding this, the Council will be consulted by Scottish Government as part of the assessment process and will get opportunity to express its views at that stage.
- 4.9 Officers are aware of groups outside Argyll and Bute that have expressed interest and these include: Galloway, Scottish Borders, Tay Forest, Lochaber, Eilean a' Cheo (Skye and Raasay), Affric to Alladale, Glen Affric, The Lammermuir and Largo Bay. Officers are not aware if formal nominations to Scottish Government have been made by any of these groups to date.

Next Stage of Nominations Process

- 4.10 An appraisal framework ([website](#)) will be used to help assess nominations and to inform the decision of Scottish Ministers on which area(s) will be progressed to designation. The broad selection criteria that will be used to help assess nominations for new National Parks are:
- outstanding national importance
 - size, character and coherence
 - meeting the special needs of the area
 - strategic contribution
 - visitor management and tourism
 - local support
- 4.11 Another factor that will be considered is the compatibility of the proposed area with the application of regulatory frameworks surrounding existing and planned projects and activities for the area. This will help assess the impact of National Park designation on existing and proposed projects in that area, as the regulatory framework may change following designation which could then lead to issues with the delivery of projects.
- 4.12 The nomination and appraisal process timeline is set out in Appendix 1. Any proposal received with Scottish Government by the 29th February, will be sent to every local authority that has an area or part of an area within which the proposal relates. This will be undertaken as part of an investigation in to each proposal carried out by a DPEA Reporter. Local authorities that have a new proposed National Park in their area require to be consulted as part of the investigation as well as local communities. A recommendation will be provided by the Reporter to Scottish Ministers regarding the area which it is proposed should be designated as a National Park, the desirability of designating the area in question as a

National Park, the functions which it is proposed the National Park authority for the Park should exercise (including planning), the likely annual costs and capital expenses of the authority in exercising its functions and any other relevant matters. The reporter's report will then be published and laid before Parliament upon completion. Scottish Ministers may decide to make a "designation order" following the process. This will include sending a copy of the draft designation order to every local authority within the proposed area, laying the proposed draft order before parliament, publicising the draft order and holding a further phase of consultation on the draft order.

- 4.13 It is worth noting that any proposal that receives insufficient local support will not be taken forward.
- 4.14 If following the closure of the nominations period a community group has nominated an area of Argyll and Bute as a proposed National Park, then the Council will be notified as part of the formal assessment process. Officers will report to Council at that stage with an assessment of the proposal so that the Council can consider if it wishes to support the proposal or not, and any other views it wishes to express.

5.0 CONCLUSION

- 5.1 The Scottish Government process for creating a new National Park is underway, and the nominations period is currently live until 29th February. If after the closure of the nominations period, any proposal for a National Park has been made within Argyll and Bute, the Council will be notified of such. At that stage, officers will report to Council with an assessment of the proposal so that Council can express its views on the matter.

6.0 IMPLICATIONS

- 6.1 Policy – None as a result of this paper, which raises awareness of the National Park nomination process. However, the designation of a new National Park in the Argyll and Bute Council Area would have policy implications.
- 6.2 Financial – None as a result of this paper. The designation of a National Park would have financial implications. At this stage these cannot be estimated.
- 6.3 Legal – None as a result of this paper. The designation of a new National Park in the Argyll and Bute Council area would have legal implications.
- 6.4 HR - None
- 6.5 Fairer Scotland Duty: The Scottish Government are seeking nominations for a new National Park from within local communities and it is for local groups and organisations, which could include a Local Authority, to submit a nomination for their area. National Parks can bring significant benefits and opportunities to an area, but it is for those nominating locations to explore whether these may outweigh any potential disadvantages.

- 6.5.1 Equalities - protected characteristics – Should be considered as part of the nominations process.
- 6.5.2 Socio-economic Duty – Should be considered as part of the nominations process.
- 6.5.3 Islands - Should be considered, where relevant, as part of the nominations process.
- 6.6 Climate Change – The important role of National Parks may play in tackling the climate and biodiversity crisis is noted.
- 6.7 Risk –The full implications of a the selection of a new National Park within the Argyll and Bute Council area are currently uncertain and would require detailed discussions between the Council and Scottish Government should such an area be selected.
- 6.8 Customer Service – The Council should support data requests, as appropriate, in relation to the Scottish Government National Park nominations process.
- 6.9 Rights of the Child (UNCRC) – None.

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

Policy Lead for Planning and Regulatory Support, Councillor Kieron Green

10th January 2024

For further information contact:

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APPENDICES

Appendix 1 National Park Designation Timetable

Appendix 2: Summary of main points relating to National Park designation raised during the Proposed Local Development Plan 2 Main Issues Report consultation 2017

Appendix 1 National Park Designation Timetable

New National Park(s) Indicative timeline	
Milestone	Timescale (indicative)
Public Consultation – (The Future of National parks in Scotland)	Late Spring 2022 – completed
Public Consultation – Approach and Criteria of National Parks in Scotland	Autumn 2022 – Winter 2022/3 – completed
Development of Evaluation Framework and any legislative changes required (including public consultation)	Winter 2022 – Summer 2023
Nominations and Assessment of proposals for New National Park(s)	October 2023 – February 2024
Deadline for nominations	29 th February 2024
Appraisal of nominations	Spring 2024
Decision and announcement by Scottish Ministers of area(s) to be progressed as 'National Park proposal(s)	Summer 2024
Reporter investigation	Summer 2024 Onwards
Designation process – Subject to Parliamentary approval	Following investigation

Appendix 2 Summary of main points relating to National Park designation raised during the Proposed Local Development Plan 2 Main Issues Report consultation 2017

- **Control and governance**
 - Island circumstances
 - Scale and nature of management required
 - Planning powers – different models
- **Other designations**
 - Regional Parks
 - Marine Protected Areas or other nature designations
 - Role of other agencies e.g. Argyll and the Isles Strategic Tourism Partnership
- **Need for further information to make an informed decision.**
 - Explore the potential/aspirations with key stakeholders and communities.
 - Understanding of the special qualities and needs of the area
 - Impacts on repopulation and tourism
 - Outcomes in current National Parks
- **Economy**
 - Potential for economic growth, including tourism
 - Potential impacts on existing economic activities; in particular distilleries, fishing, energy, farming, forestry, aquaculture and manufacturing industries
 - Fit with growth agenda e.g. Tobermory - Oban - Dalmally growth corridor
- **Renewables**
 - Impact on renewable industries
- **Environmental issues have been raised:-**
 - Environmental protections are already in place/additional safeguards
 - Argyll and Bute has internationally important marine and land environments
 - Impact of increased tourism on natural assets
- **Social**
 - Population impacts
 - Job impacts – growth some areas, restrictions others
 - Potential impact on affordable housing
 - Benefits of environmental management for local communities
 - Need for strong local backing
- **Finance**
 - Additional costs
 - Additional funding
 - Additional pressures on infrastructure

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