

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Customer Services
Executive Director: Douglas Hendry



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15 June 2015

NOTICE OF MEETING

A Special meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **MONDAY, 22 JUNE 2015** at **2:00 PM**, which you are requested to attend.

Douglas Hendry
Executive Director - Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
- * 3. (a) **BUDGETARY OUTLOOK**
Report by Interim Head of Strategic Finance (Pages 1 - 10)
- * (b) **SERVICE CHOICES**
Report by Interim Head of Strategic Finance (Pages 11 - 22)
- * 4. **ECONOMIC DEVELOPMENT AND STRATEGIC TRANSPORTATION SERVICE RESTRUCTURE**
Report by Executive Director – Development and Infrastructure Services
(Pages 23 - 48)

POLICY AND RESOURCES COMMITTEE

Councillor Dick Walsh (Chair)
Councillor Robin Currie
Councillor Donald Kelly
Councillor Iain MacLean
Councillor Aileen Morton
Councillor Gary Mulvaney
Councillor James Robb
Councillor Isobel Strong

Councillor Rory Colville
Councillor Mary-Jean Devon
Councillor Roderick McCuish
Councillor Alistair MacDougall
Councillor Ellen Morton (Vice-Chair)
Councillor Douglas Philand
Councillor Len Scoullar
Councillor Sandy Taylor

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****22 JUNE 2015**

BUDGETARY OUTLOOK

1. EXECUTIVE SUMMARY

- 1.1 A report on the revenue budgetary outlook covering the period 2016-17 to 2020-21 was presented to the Policy and Resources Committee on 18 December 2014. Based on the narrower range of best and worst case scenarios the budget gap was estimated to be between £28.1m and £37.5m.
- 1.2 This report provides an update on the position and further updates will be provided during the year.
- 1.3 The most significant issue affecting the budgetary outlook is the assumptions used for the local government funding position. These remain unchanged at present as there is no new information on which to base a change.
- 1.4 A number of assumptions have been updated in both the best and worst case scenarios, summarised as follows:
- Included growth in Council Tax Base of 0.25% instead of applying funding assumption to Council Tax.
 - Changes to base budget assumptions have been updated based on latest estimates – auto enrolment, contracting out rebate and loans charges.
 - Removed the Council Tax on Empty Homes expenditure budget.
 - Pay Award reduced to 0.5% in Year 1.
 - Non-Pay Inflation reduced to allow for only unavoidable/inescapable inflation.
 - Cost and Demand Pressures – allowance removed.
 - Fees and Charges – set to 3% on both scenarios.
 - Added in revenue impact of new schools.
- 1.5 No estimate has been included in the budget outlook for severance.
- 1.6 After updating the best and worst case scenarios the budget gap is estimated to be between £21.7m and £26.0m.
- 1.7 Adopting an annual incremental approach to the budget would require savings of between £7.9m and £8.8m in 2016-17 and between £7.9m and £9.6m in 2017-18, worst case £18.4m in total over the first two years.

BUDGETARY OUTLOOK

2. INTRODUCTION

2.1 A report on the revenue budgetary outlook covering the period 2016-17 to 2020-21 was presented to the Policy and Resources Committee on 18 December 2014.

2.2 This report provides an update on the position and further updates will be provided during the year.

3. RECOMMENDATIONS

3.1 Members note the assumptions as set out in the report resulting in a revised budgetary outlook.

3.2 Members to agree to amend the policy on Council Tax on empty homes. It was the original intention that the additional income would be allocated to Area Committees; it is now recommended that this be retained to help support overall Council spending plans.

3.3 Members to note the advice in paragraph 4.2.15; based on the current budgetary outlook and for planning purposes, that Members consider moving forward with overall savings targets of around £9m in both 2016-17 and 2017-18.

4. DETAIL

4.1 Budget Outlook as at December 2014

4.1.1 The budgetary outlook report presented at the Policy and Resources Committee on 18 December 2014, provided information on the financial outlook and budget gap over a five year period from 2016-17 to 2020-21. It set out anticipated changes to the base budget and assumptions in relation to pay awards, non-pay inflation, cost and demand pressures, fees and charges and funding.

4.1.2 The assumptions were set out on the basis of best and worst case scenarios and the outcome was a fairly significant funding gap. Relatively small variations in assumptions can lead to fairly significant changes in the funding gap over 5 years so a narrower range of worst and best case scenarios was also prepared.

4.1.3 Based on the narrower range of best and worst case scenarios the budget gap was estimated to be between £28.1m and £37.5m.

4.2 Updated Budget Outlook May 2015

4.2.1 The budgetary outlook is continually monitored and updated as new information becomes available.

4.2.2 The most significant issue affecting the budgetary outlook is the assumptions used for the local government funding position. No updated funding information has been received since December that results in a change to the assumptions previously used.

4.2.3 Any further information in relation to funding will be considered. There will be a national budget announcement in July 2015 with the expectation of a spending review in the Autumn and ultimately the provisional grant settlement in December 2015.

4.2.4 Other assumptions that have been updated on both the narrower best and worst case scenarios are noted below.

4.2.5 Council Tax - the assumption for local government funding was previously used for the total funding which included Council Tax. This has been changed to reflect a 0.25% growth year on year to the Council Tax base.

4.2.6 Base Budget - the adjustments to the base budget include the loan charges profile, cost of increased employers superannuation contributions due to auto enrolment into the scheme from 2017-18 and the increased cost of employers national insurance contributions due to the loss of the rebate for staff within the superannuation scheme. These assumptions have been updated based on the latest information available.

4.2.7 Council Tax on Empty Homes – an expenditure budget of £500k is included within the base budget with the original intention that this would be allocated to Area Committees. It is now recommended that this be retained to help support overall Council spending plans.

4.2.8 Pay Award - in both the narrower best and worst scenarios, the pay award for 2016-17 was assumed to be 1%. There is a two year pay award for 2015-16 and 2016-17 of 2.5%; 2% has already been provided for within 2015-16, therefore, only 0.5% is required in 2016-17.

4.2.9 Non-Pay Inflation – this has been reduced to allow for only unavoidable/inescapable inflation which has been the position over the last few years. An estimate of £1m per year has been assumed, which is in line with the sum approved as part of the 2015-16 budget for non-pay inflation.

4.2.10 Cost and Demand Pressures – provision for cost and demand pressures has been removed. If any new cost and demand pressures are identified, a process will be put in place for these to be considered, with regard to their

priority, alongside other savings options.

- 4.2.11 Fees and Charges – a 3% increase to fees and charges, in line with previous years, has been assumed for both the best and worst case scenarios.
- 4.2.12 New Schools Revenue Impact – the revenue impact of the new schools has now been added into the budget outlook.
- 4.2.13 After updating the best and worst case scenarios the budget gap is estimated to be between £21.7m and £26.0m. Further detail on the budget outlook for the best and worst scenarios is included in Appendix 1 and 2.
- 4.2.14 The budget gap phased across the 5 years is summarised in the table below.

Year	Updated Narrower Best Case		Updated Narrower Worst Case	
	Year on year £m	Cumulative Gap £m	Year on Year Gap £m	Cumulative Gap £m
2016-17	-7.8	-7.8	-8.8	-8.8
2017-18	-7.9	-15.7	-9.6	-18.4
2018-19	-5.6	-21.3	-6.4	-24.8
2019-20	-0.8	-22.1	-1.5	-26.3
2020-21	0.4	-21.7	+0.3	-26.0

- 4.2.15 Adopting an annual incremental approach to the budget would require savings of between £7.9m and £8.8m in 2016-17 and between £7.9m and £9.6m in 2017-18, worst case £18.4m in total over the first two years. Strategic Finance would advise, based on the current budgetary outlook and for planning purposes that Members consider moving forward within savings options of around £9m in both 2016-17 and 2017-18.
- 4.2.16 There will inevitably be staff reductions in order to achieve the level of savings required over the next 5 years. At this stage, no estimate has been included in the budget outlook for severance.

5. CONCLUSION

- 5.1 The budget outlook from 2016-17 remains very challenging even with the updates outlined in this report and small changes in assumptions over a 5 year period can have a significant effect on the budget gap.
- 5.2 The funding gap over the 5 year period to 2020-21 is estimated to be between £21.7m and £26.0m.

6. IMPLICATIONS

- 6.1 Policy – Sets out financial outlook which will provide the financial envelope

- for policy decisions.
- 6.2 Financial – Sets out a best and worst case range of future financial positions and funding gaps.
 - 6.3 Legal – None directly from this report but the Council will need to balance the budget.
 - 6.4 HR – None at this stage but there is a strong link between HR and budgets.
 - 6.5 Equalities – None directly from this report but any proposals to address the budgetary outlook will need to consider equalities.
 - 6.6 Risk – None directly from this report but any proposals to address the budgetary outlook will need to consider risk.
 - 6.7 Customer Service – None directly from this report but any proposal to address the budgetary outlook will need to consider customer service.

Policy Lead for Finance: Councillor Dick Walsh

Steve Barrett
Interim Head of Strategic Finance
11 June 2015

Attachments:

- Appendix 1 – Updated Budget Outlook – Best Case
- Appendix 2 – Updated Budget Outlook – Worst Case

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	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Comments
	£000s	£000s	£000s	£000s	£000s	£000s	
Income							
Scottish Government Grant	203,485	198,398	193,438	189,569	190,517	194,327	-2.5%/-2.5%/-2.0%/+0.5%/+2.0%
Council Tax	40,900	41,002	41,105	41,208	41,311	41,414	Assumes 0.25% growth per annum in the tax base
Projected Income Total	244,385	239,400	234,543	230,777	231,828	235,741	
Expenditure							
Base Budget (Approved Budget 2015-16):	244,232	244,232	244,232	244,232	244,232	244,232	
Adjustments to Base Budget:							
Christmas Lights (one off in 2015-16 only)		-100	-100	-100	-100	-100	Decision as part of budget agreed February 2015
Advice Services (one off amount in 2015-16 only)		-70	-70	-70	-70	-70	Decision as part of budget agreed February 2015
Loss of Contracting Out		2,250	2,250	2,250	2,250	2,250	Loss of national insurance rebate for staff in superannuation scheme
Auto enrolment			1,400	1,400	1,400	1,400	Extra employer contributions arising from auto enrolment
Full Year Impact of Teachers Pensions		327	327	327	327	327	2.3% increase to teacher superannuation from September 2015
Other Variations/Increments		700	700	700	700	700	Employee increments from 2016-17
Loan Charges		-1,000	-2,000	-3,000	-4,000	-4,000	Updated loan charges profile
CT on Empty Homes		-500	-500	-500	-500	-500	Remove expenditure budget in base originally planned to be used by Area Committees
Pay Award		668	2,017	4,071	6,155	8,990	0.5%/1%/1.5%/1.5%/2.0%
Non Pay Inflation		1,000	2,000	3,000	4,000	5,000	Only unavoidable/inescapable - £1m per year based on 2015-16 approved inflation
Fees and Charges		-300	-600	-900	-1,200	-1,500	3% increase year on year
Cost and Demand Pressures							No Allowance
New Schools Revenue Impact			651	680	709	709	Running costs for NPDO schools once in operation
Projected Expenditure Total	244,232	247,207	250,307	252,090	253,903	257,438	
Projected Funding Surplus/(Gap)	153	-7,807	-15,764	-21,313	-22,075	-21,697	
Year on Year Funding Gap	153	-7,807	-7,957	-5,549	-762	378	

Summary of Change in assumptions over Base Model:

Base Model Gap (Cumulative)	-10,348	-20,404	-26,655	-27,950	-27,909	
Council Tax	1,124	2,224	3,105	3,017	2,354	Apply growth of 0.25% instead of general government funding percentage change
Contracting Out Rebate	-250	-250	-250	-250	-250	Updated estimate
Auto Enrolment	0	400	400	400	400	Updated estimate
Loan Charges	200	700	-200	-300	-500	Updated profile
Council Tax on Empty Homes	500	500	500	500	500	Removed expenditure in base budget
Pay Inflation	667	667	667	667	667	Reduced 2016-17 pay inflation to 0.5%
Non Pay Inflation	-100	250	600	950	1,750	Reduced non-pay inflation to £1m each year
Cost and Demand Pressures	400	800	1,200	1,600	2,000	Removed cost and demand pressures
New Schools Revenue Impact	0	-651	-680	-709	-709	Added in new schools revenue impact
Revised Model Gap (Cumulative)	-7,807	-15,764	-21,313	-22,075	-21,697	

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	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Comments
	£000s	£000s	£000s	£000s	£000s	£000s	
Income							
Scottish Government Grant	203,485	197,380	191,459	186,673	187,606	191,358	Narrower worst case assumptions -3%/-3%/-2.5%/+0.5%/+2%
Council Tax	40,900	41,002	41,105	41,208	41,311	41,414	Assumes 0.25% growth per annum in the tax base
Projected Income Total	244,385	238,382	232,564	227,881	228,917	232,772	
Expenditure							
Base Budget (Approved Budget 2015-16):	244,232	244,232	244,232	244,232	244,232	244,232	
Adjustments to Base Budget:							
Christmas Lights (one off in 2015-16 only)		-100	-100	-100	-100	-100	Decision as part of budget agreed February 2015
Advice Services (one off amount in 2015-16 only)		-70	-70	-70	-70	-70	Decision as part of budget agreed February 2015
Loss of Contracting Out Rebate		2,250	2,250	2,250	2,250	2,250	Loss of national insurance rebate for staff in superannuation scheme
Auto enrolment in LGPS			1,400	1,400	1,400	1,400	Extra employer contributions arising from auto enrolment
Full Year Impact of Teachers Pensions		327	327	327	327	327	2.3% increase to teacher superannuation from September 2015
Other Variations/Increments		700	700	700	700	700	Employee increments from 2016-17
Loan Charges		-1,000	-2,000	-3,000	-4,000	-4,000	Updated loan charges profile
CT on Empty Homes		-500	-500	-500	-500	-500	Remove expenditure budget in base originally planned to be used by Area Committees
Pay Award		668	2,691	4,745	7,524	10,359	0.5%/1.5%/1.5%/2.0%/2.0%
Non Pay Inflation		1,000	2,000	3,000	4,000	5,000	Only unavoidable/inescapable - £1m per year based on 2015-16 approved inflation.
Fees and Charges		-300	-600	-900	-1,200	-1,500	3% Increase Year on Year
Cost and Demand Pressures							No allowance
New Schools Revenue Impact			651	680	709	709	Running costs for NPDO schools once in operation
Projected Expenditure Total	244,232	247,207	250,981	252,764	255,272	258,807	
Projected Funding Surplus/(Gap)	153	-8,825	-18,417	-24,883	-26,355	-26,035	
Year on Year Funding Gap	153	-8,825	-9,592	-6,466	-1,472	320	

Summary of Change in assumptions over Base Model:

Base Model Gap (Cumulative)	-12,174	-24,675	-33,128	-36,274	-37,510	
Council Tax - Apply Growth instead of government funding %	1,329	2,622	3,687	3,602	2,951	Apply growth of 0.25% instead of general government funding percentage change
Contracting Out Rebate	-250	-250	-250	-250	-250	Updated estimate
Auto Enrolment	0	400	400	400	400	Updated estimate
Loans Charges	200	700	-200	-300	-500	Updated profile
Council Tax on Empty Homes	500	500	500	500	500	Removed expenditure in base budget
Pay Inflation	668	668	668	668	668	Reduced 2016-17 pay inflation to 0.5%
Non Pay Inflation	-97	270	1,121	2,009	3,416	Reduced non-pay inflation to £1m each year
Cost and Demand Pressures	800	1,600	2,400	3,200	4,000	Removed cost and demand pressures
Fees and Charges	200	400	600	800	1,000	Increase to 3% per year
New Schools Revenue Impact	0	-651	-680	-709	-709	Added in new schools revenue impact
Revised Model Gap (Cumulative)	-8,825	-18,417	-24,883	-26,355	-26,035	

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****22 JUNE 2015**

SERVICE CHOICES

1. EXECUTIVE SUMMARY

- 1.1 Service Choices is an approach that plans for the estimated funding reductions by aligning the available budget to Members priorities.
- 1.2 Appendix 1 provides an analysis of all services within the Council's net £244m budget. It was noted in the report to the Policy and Resources Committee on 2 April that a number of budgets were outwith the scope of service choices. The Project Board considered the list of excluded budgets at their meeting on 28 April 2015. It is recommended that £28.8m remain outwith the scope of service choices; £16.8m remain under continued review, £6.4m brought back into service choices and £0.5m moved back into the General Fund.
- 1.3 Services that were marked for budget reductions have been working on high level savings options to reduce budgets by either 7%, if light touch, or between 20-25%. These savings proposals were presented at the Members Workshop on 5 June 2015. The results of that exercise need time to be considered and it is proposed that further work, incorporating the feedback from the workshop, be progressed by the Project Board with proposals on service targets being brought back to the Policy and Resources Committee on 20 August.
- 1.4 Social Work services have been working on high level savings proposals. However, it is proposed that scope for greater efficiency would be enhanced by adopting an integrated approach to develop proposals; setting targets over the 3 year Strategic Plan from the perspective of aggregated funding from both Council and Health services. There still needs to be a contribution of savings towards the Council's overall budget gap and it is recommended that a percentage reduction target on the Social Work budget is set for developing plans for the Integrated Joint Board. Further work will be required to develop the recommended target.

SERVICE CHOICES

2. INTRODUCTION

- 2.1 Service Choices is an approach that plans for the estimated funding reductions by aligning the available budget to Members priorities.
- 2.2 A report was presented to the Policy and Resources Committee on 2 April and the committee agreed to note the approach to Service Choices. Service packages were allocated into categories; maintain, increase, delay or reduce.
- 2.3 A Project Board was established tasked with producing options to be presented to a workshop for all Elected Members to consider.
- 2.4 There were service areas that were noted as outwith the scope of service choices and these were considered at the Project Board on 28 April 2015.
- 2.5 Services that were marked for budget reductions have been working on producing high level savings options which were considered at a Members Workshop on 5 June 2015.
- 2.6 The Policy and Resources Committee is asked to note that further work is now proposed to consider the feedback from the seminar with savings targets to be brought back to this Committee on 20 August.
- 2.7 For Social Work Services it is proposed that scope for greater efficiency would be enhanced by adopting an integrated approach; setting targets over the 3 year Strategic Plan from the perspective of aggregated funding from both Council and Health services.

3. RECOMMENDATIONS

- 3.1 Members note the progress being made on service choices through the Project Board and Members Seminar. Members further note that feedback results from the Members Seminar will be considered by the Project Board with proposals on service targets being brought back to the Policy and Resources Committee on 20 August 2015.
- 3.2 Members agree that Social Work Services be subject to an integrated approach with further work required to set targets over the 3 year Strategic Plan.

4. DETAIL

4.1 Background

4.1.1 A report was presented to Policy and Resources Committee on 2 April which outlined the approach to Service Choices. Each Service package was considered as to whether the service could be stopped or reduced or whether it needed to be maintained or increased.

4.1.2 The Committee agreed to note the approach and a Project Board was established to take forward Service Choices. The following was agreed:

“ 1. To note the recommendations contained in the report by the Interim Head of Strategic Finance.

2. To establish a Project Board, consisting of 12 Members, to identify options for taking forward Service Choices, the Project Board to comprise 12 Members, 8 Administration and 4 Opposition, the Chair of the Project Board to be Leader of the Council and with the Trade Unions being invited to nominate 2 representatives on the Project Board

3. To amend the table at paragraph 4.4.1 of the report as follows:-

Key Decision	Date
Agree the overall approach to service choices	Special Policy and Resources Committee 2 April 2015
Set formal saving target and options for each service package prior to proceeding to the business planning	Special Policy and Resources Committee early June 2015
Recommend/agree detailed savings proposals to go out to consultation	Special Policy and Resources Committee/ Council – October 2015
Recommend/agree if there are any options that can be approved before February 2016	Special Policy and Resources Committee/Council – October 2015
Agree a 2 year budget for 2016/17 and 2017/18 and approve a medium term financial plan covering the period to 2020/21	Council meeting February 2016

4. That the Project Board established in terms of recommendation 2 above is tasked with producing options to be presented to a workshop for all Elected Members to consider

5. That the outcomes from the said workshop be reported to a special meeting of the Policy and Resources Committee in October 2015

6. That the special Policy and Resources Committee meeting in October 2015 make recommendations, to be considered at a special meeting of the Council, also to be held in October 2015 in respect of (a) detailed savings

proposals to go out to public consultation and (b) any savings options which could be approved before February 2016.”

- 4.1.3 It can be seen from the Key Decision box above that it was originally intended from the above for a June Policy and Resources meeting to set targets and options for service packages. However work has progressed through the Project Board meeting on two occasions to date and through the engagement of Members at the Seminar on 5 June. At the workshop, Members considered high level savings options for service packages that were previously marked for budget reductions at either 7%, if light touch, or between 20-25%. At the workshop, Members had the opportunity to indicate a level of preference for the savings options. This has now given constructive feedback which needs time to be considered. It is therefore proposed that the Project Board receives this feedback and that a further report be brought to this Committee on 20 August to set service targets. This will enable officers to work up detailed proposals for this Committee to receive in October and make recommendations to Council in respect of savings proposals to proceed to consultation stage. A suggested timeline is set out below at paragraph 4.4.

4.2 Integrated Health and Social Care

- 4.2.1 Social Work Services have been working on high level savings proposals. However, it is proposed that scope for greater efficiency would be enhanced by adopting an integrated approach to develop proposals; setting targets over the 3 year Strategic Plan from the perspective of aggregated funding from both Council and Health services.
- 4.2.2 There still needs to be a contribution of savings towards the Council's overall budget gap and it is recommended that a percentage reduction target on the Social Work budget is set for plans for the Integrated Joint Board. Further work will be required to develop the recommended target.

4.3 Budgets previously noted as outwith the scope of Service Choices

- 4.3.1 The Project Board considered the list of excluded budgets at their meeting on 28 April 2015. It is recommended that £28.8m remain outwith the scope of service choices, £16.8m remain under continued review, £6.4m brought back into service choices and £0.5m moved back into the General Fund. Appendix 1 provides an analysis of all services within the Councils net £244m budget on this basis.
- 4.3.2 The budgets outwith the scope of service choices include insurances, Joint Boards, loans charges, historic pensions, new schools running costs, utilities, pensionable pay, audit fee, bank charges and the Chord project team. It is considered that there is no flexibility to influence these costs. Also excluded is the corporate management costs and work is currently underway to look at the various strands impacting on this, for example, delivery of SOA, Health and Social Care and a separate report will be provided to Members in due course.

- 4.3.3 There are two service areas that will remain under continued review and these are the NPDO and surplus properties. Any identified savings would be fed back into service choices.
- 4.3.4 The budget for Elected Members will be brought back into service choices with a light touch 7% saving and also the Waste PPP, however, it is acknowledged that whilst there is scope to review the Waste PPP, it will take an extended period of time to produce any savings, therefore, this is in the “delay” category.
- 4.3.5 It was proposed that the £0.5m budget for Council Tax Empty Homes would be moved back to the centre to fund essential services. Members had previously agreed to use the resources raised from this area to be available to fund schemes determined by area committees.
- 4.3.6 The chart below illustrates the analysis of all services, including the previously excluded areas, which build up to the total revenue budget of £244.232m. A further detailed analysis is provided in Appendix 1. This also takes into consideration that Health and Social Care Integration Services are proposed to be dealt with differently as outlined in paragraph 4.2.

Transfer to General Fund	£0.5m
Outwith Scope	£28.8m
Maintain	£43.0m
Delay	£5.8m
Continued Review	£16.8m
Increase	£3.4m
Reduce by 7%	£25.0m
Reduce by 20-25%	£64.7m
Health and Social Care Integration	£56.2m
TOTAL	244.2m

4.4 Timeline

- 4.4.1 There are a number of key dates and decision points for Service Choices over the next year and these are summarised in the table below.

Date	Event	Purpose
22 June	Special P&R Committee	Note progress and agree next steps
June - Sep	Project Board	Ongoing work
August	Members' workshop	To review progress
20 August	P&R Committee	Consider proposals on service targets
Late September	Members' workshop	Consider detailed proposals
8 October	Special P&R Committee	Make recommendations to Council on options to go to consultation
22 Oct	Special Council	Decide on options to go to consultation
Oct – Dec	Consultation	Seek views on savings options
January	Special P&R Committee	Receive consultation feedback and recommend proposals to Council
11 Feb 2016	Council	Determine the budget

5. CONCLUSION

- 5.1 Progress is being made through the Project Board and Members have been engaged in a Workshop on 5 June which will be used to inform ongoing work. Proposals for service savings targets are to be brought back to this Committee on 20 August.

- 5.2 It is considered that there will be greater scope for efficiency savings from social work services by adopting an integrated approach to develop plans. A target percentage reduction would be identified over the three year Strategic Plan. Further work is required to establish the target level.

6. IMPLICATIONS

- 6.1 Policy – None from this report but service choices will determine policy in a number of service areas.
- 6.2 Financial – Supports balancing the budget over 2016-17 and 2017-18.
- 6.3 Legal – None at this stage.
- 6.4 HR – None at this stage but service choices will likely have an impact on staff.
- 6.5 Equalities – None at this stage but savings proposals will need to consider equalities.
- 6.6 Risk - None at this stage but savings proposals will need to consider risk.
- 6.7 Customer Service – None at this stage but savings proposals will need to consider customer service.

Policy Lead for Finance: Councillor Dick Walsh

Steve Barrett
Interim Head of Strategic Finance
10 June 2015

Attachments:

Appendix 1 – Summary of £244m net revenue budget-Service analysis

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Summary of Service Packages

Appendix 1

Department	Service	Service Package Reference	Service Package Description	Revenue Budget 2015-16 £000	Recommended Budget Action	Reduce Initial Target %
Chief Executive's Unit	Head of Strategic Finance	SF01	Strategic Finance	1,743	Reduce	20%-25%
Community Services	Head of Adult Care	AC01	Addiction	429	Health and Social Care Integration	
Community Services	Head of Adult Care	AC02	Learning Disability	10,707	Health and Social Care Integration	
Community Services	Head of Adult Care	AC03	Area Team (Lease/ Utilities/ Supplies) Costs	641	Health and Social Care Integration	
Community Services	Head of Adult Care	AC04	Mental Health	1,888	Health and Social Care Integration	
Community Services	Head of Adult Care	AC05	Older People	29,153	Health and Social Care Integration	
Community Services	Head of Adult Care	AC06	Physical Disability	1,274	Health and Social Care Integration	
Community Services	Head of Adult Care	AC07	Vulnerable Adults	97	Health and Social Care Integration	
Community Services	Head of Children and Families	CF01	Children with a Disability	931	Health and Social Care Integration	
Community Services	Head of Children and Families	CF02	Child Protection	3,683	Health and Social Care Integration	
Community Services	Head of Children and Families	CF03	Children's Houses	1,449	Health and Social Care Integration	
Community Services	Head of Children and Families	CF04	Criminal Justice	8	Health and Social Care Integration	
Community Services	Head of Children and Families	CF05	External Placements	995	Health and Social Care Integration	
Community Services	Head of Children and Families	CF06	Looked After Children	3,031	Health and Social Care Integration	
Community Services	Head of Children and Families	CF07	Social Work Standby/Advocacy/ Head of Service Support	448	Health and Social Care Integration	
Community Services	Head of Children and Families	CF08	School Hostels	1,197	Health and Social Care Integration	
Community Services	Head of Children and Families	CF09	Service Development	331	Health and Social Care Integration	
Community Services	Head of Community and Culture	CC01	Active Schools and Community Sport	134	Maintain	
Community Services	Head of Community and Culture	CC02	Adult Learning and Literacies	661	Reduce	20%-25%
Community Services	Head of Community and Culture	CC03	Community Centres and Community Development	646	Reduce	20%-25%
Community Services	Head of Community and Culture	CC04	Community Planning Partnership	118	Maintain	
Community Services	Head of Community and Culture	CC05	Council Community Halls	739	Reduce	20%-25%
Community Services	Head of Community and Culture	CC06	Culture, Museums and Festivals	354	Reduce	20%-25%
Community Services	Head of Community and Culture	CC07	Homeless Temporary Accommodation	701	Maintain	
Community Services	Head of Community and Culture	CC08	Housing Strategy and Services	1,366	Reduce	20%-25%
Community Services	Head of Community and Culture	CC09	Leisure and Sports Partnership Grants	558	Maintain	
Community Services	Head of Community and Culture	CC10	Libraries	1,397	Reduce	20%-25%
Community Services	Head of Community and Culture	CC11	Swimming Pools and Fitness Facilities	2,165	Reduce	20%-25%
Community Services	Head of Community and Culture	CC12	Tenancy Support Services and Welfare Rights	1,156	Reduce	20%-25%
Community Services	Head of Education	EDUC01	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	6,840	Reduce	20%-25%
Community Services	Head of Education	EDUC02	Music Instruction and Creative Arts	359	Reduce	20%-25%
Community Services	Head of Education	EDUC03	Early Years Service	6,418	Reduce	20%-25%
Community Services	Head of Education	EDUC04	Education Admin/ Finance (School Based)	227	Maintain	
Community Services	Head of Education	EDUC05	Education Support HQ and Repairs/ Janitorial Services	1,818	Reduce	20%-25%
Community Services	Head of Education	EDUC06	Gaelic Education	245	Maintain	
Community Services	Head of Education	EDUC07	Primary Schools	23,872		
<i>Community Services</i>	<i>Head of Education</i>	<i>EDUC07</i>	<i>Teaching Staff</i>	<i>18,803</i>	<i>Maintain</i>	
<i>Community Services</i>	<i>Head of Education</i>	<i>EDUC07</i>	<i>All Other Costs</i>	<i>5,069</i>	<i>Reduce</i>	<i>20%-25%</i>
Community Services	Head of Education	EDUC08	Secondary Schools	24,216		
<i>Community Services</i>	<i>Head of Education</i>	<i>EDUC08</i>	<i>Teaching Staff</i>	<i>19,145</i>	<i>Maintain</i>	

Summary of Service Packages

Appendix 1

Department	Service	Service Package Reference	Service Package Description	Revenue Budget 2015-16 £000	Recommended Budget Action	Reduce Initial Target %
<i>Community Services</i>	<i>Head of Education</i>	<i>EDUC08</i>	<i>All Other Costs</i>	<i>5,071</i>	<i>Reduce</i>	<i>20%-25%</i>
Community Services	Head of Education	EDUC09	Quality Improvement and Assurance	975	Maintain	
Community Services	Head of Education	EDUC10	Opportunities for All (Positive Destinations)	90	Maintain	
Community Services	Head of Education	EDUC11	Youth Services	580	Delay	
Community Services	Head of Education	EDUC12	Psychological Services	1,591	Reduce	7.0%
Community Services	Head of Education	EDUC13	SEEMIS/ GLOW	370	Maintain	
Customer Services	Head of Customer and Support Services	CSS01	Customer Service Centres (CSC) and Registration	1,452	Reduce	20%-25%
Customer Services	Head of Customer and Support Services	CSS02	Revenues and Benefits	1,679	Reduce	20%-25%
Customer Services	Head of Customer and Support Services	CSS03	Procurement and Commissioning	1,125		
<i>Customer Services</i>	<i>Head of Customer and Support Services</i>	<i>CSS03</i>	<i>Procurement</i>	<i>878</i>	<i>Maintain</i>	
<i>Customer Services</i>	<i>Head of Customer and Support Services</i>	<i>CSS03</i>	<i>Creditors</i>	<i>247</i>	<i>Reduce</i>	<i>7.0%</i>
Customer Services	Head of Customer and Support Services	CSS04	Information Technology	3,510	Reduce	7.0%
Customer Services	Head of Facility Services	FS01	Catering	3,392	Reduce	20%-25%
Customer Services	Head of Facility Services	FS02	Cleaning	1,351	Reduce	20%-25%
Customer Services	Head of Facility Services	FS03	Property	2,271	Reduce	20%-25%
Customer Services	Head of Facility Services	FS04	School and Public Transport	8,888	Reduce	7.0%
Customer Services	Head of Governance and Law	GL01	Governance	1,453	Reduce	20%-25%
Customer Services	Head of Governance and Law	GL02	Legal Services	535	Maintain	
Customer Services	Head of Improvement and HR	IHR01&IHR02	Improvement and OD and Human Resources	2,528	Reduce	20%-25%
Customer Services	Head of Improvement and HR	IHR03	Health and Safety	465	Reduce	20%-25%
Customer Services	Head of Improvement and HR	IHR04	Communications	227	Increase	
Development and Infrastructure Services	Head of Economic Development	ED01	Economic Development	705	Increase	
Development and Infrastructure Services	Head of Economic Development	ED02	Marine	-428	Reduce	20%-25%
Development and Infrastructure Services	Head of Economic Development	ED03	Projects & Renewables	676	Increase	
Development and Infrastructure Services	Head of Economic Development	ED04	Strategic Transportation and Air Services	1,805	Increase	
Development and Infrastructure Services	Head of Planning and Regulatory Services	PRS01	Building Standards	201	Maintain	
Development and Infrastructure Services	Head of Planning and Regulatory Services	PRS02	Development Management	649	Reduce	20%-25%
Development and Infrastructure Services	Head of Planning and Regulatory Services	PRS03	Development Policy	896	Reduce	20%-25%
Development and Infrastructure Services	Head of Planning and Regulatory Services	PRS04	Regulatory Services	2,145	Reduce	7.0%
Development and Infrastructure Services	Head of Roads and Amenity Services	RAMS01	Amenity Services	4,535	Reduce	20%-25%
Development and Infrastructure Services	Head of Roads and Amenity Services	RAMS02	Infrastructure Design	511	Reduce	20%-25%
Development and Infrastructure Services	Head of Roads and Amenity Services	RAMS03	Roads	7,345	Reduce	7.0%
Development and Infrastructure Services	Head of Roads and Amenity Services	RAMS04	Street Lighting	1,572	Reduce	20%-25%
Development and Infrastructure Services	Head of Roads and Amenity Services	RAMS05	Waste Management	6,613	Reduce	20%-25%
Development and Infrastructure Services	Head of Roads and Amenity Services	-	Waste PPP	5,213	Delay	
Central	Central	-	Elected Members	1,235	Reduce	7.0%
Customer Services	Directorate	-	NPDO	16,598	Continued Review	
Customer Services	Head of Facility Services	-	Surplus Properties	167	Continued Review	
Central	Central	-	Insurances	1,031	Outwith Scope	
Central	Central	-	Joint Boards	1,350	Outwith Scope	

Summary of Service Packages

Appendix 1

Department	Service	Service Package Reference	Service Package Description	Revenue Budget 2015-16 £000	Recommended Budget Action	Reduce Initial Target %
Development and Infrastructure Services	Economic Development	-	SPT Requisition and Concessionary Fares	796	Outwith Scope	
Central	Central	-	Loans Charges	19,152	Outwith Scope	
Central	Central	-	Historic Pension Costs	1,522	Outwith Scope	
Central	Central	-	Corporate Management Costs	2,935	Outwith Scope	
Central	Central	-	New Schools Running Costs	500	Outwith Scope	
Central	Central	-	Utilities	554	Outwith Scope	
Central	Central	-	Central Fund for Changes to Pensionable Pay	554	Outwith Scope	
Chief Executive's Unit	Chief Executive	-	Audit Fee and Bank Charges	342	Outwith Scope	
Development and Infrastructure Services	Economic Development	-	CHORD Team	82	Outwith Scope	
Central	Central	-	Council Tax on Empty Homes	500	Transfer to General Fund	
				244,232		

Summary of Recommended Budget Action

500 Transfer to General Fund

28,818 Outwith Scope

42,981 Maintain

5,793 Delay

16,765 Continued Review

3,413 Increase

89,701 Reduce

56,261 Health and Social Care Integration

244,232 Total

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****22 JUNE 2015**

The Proposed Restructuring of the Argyll and Bute Economic Development and Strategic Transport (EDST) Service

1.0 EXECUTIVE SUMMARY

1.1.1 This report concerns the proposed restructuring of the Economic Development and Strategic Transport (EDST) Service to help deliver the sustainable growth of the Argyll and Bute's local economy. "Argyll and Bute's economic success is built on a growing population" is the overall aim identified by the Community Planning Partnership's approved Single Outcome Agreement (SOA). This priority has been further developed through other key council documents such as the Strategic- and Area- based Economic Development Action Plans, together with the Local Development Plan. In December 2014 the Policy and Resources Committee unanimously agreed to take forward Option D in terms of delivering on the Single Outcome Agreement. Option D included the Council investing for economic growth and creating a Strategic Infrastructure Plan (SIP); the proposed restructuring of the EDST Service is intended to support the delivery of this focus on economic growth as this will not be possible with the current level of resource available to the Service. Additionally, the restructure of the team is intended to ensure maximum flexibility and cross-team working.

1.1.2 The restructuring of the EDST will see 7 additional posts and 1 upgraded post added to three service areas including:

- 1 new post and 1 upgraded post under the Transformational Projects and Regeneration Manager with a focus on undertaking project work and regeneration activities throughout Argyll and Bute;
- 2 new posts under the Strategic Transport and Infrastructure Manager, focusing on improving our transport connectivity and delivering the strategic infrastructure plan and digital connectivity;
- 3 new posts focussing on business growth activities in our key business sectors such as tourism, defence industries, food and drink and marine sciences under the Economic Growth Manager;
- 1 new post to focus on promotion and marketing activities, with additional responsibility to facilitate the Argyll and Bute Economic Forum;
- It is also proposed to relocate responsibility for the Piers and Harbours at an operational level to Roads and Amenity Services.

2.0 RECOMMENDATIONS

- 2.1.1 That Members support the proposed revised structure of the Economic Development and Strategic Transport (EDST) Service as identified in **Appendix 1** and approve the allocation of the additional resources as identified in **Appendix 2** and paragraph 4.1 of this report.

The Proposed Restructuring of the Argyll and Bute Economic Development and Strategic Transport (EDST) Service

1.0 INTRODUCTION

1.1 This report outlines the proposed restructuring of the Economic Development and Strategic Transport Service (EDST) to help facilitate the sustainable growth of the Argyll and Bute's local economy as advocated through the Community Planning Partnership's approved Single Outcome Agreement (SOA) and other key council documents such as the Strategic and area based Economic Development Action Plans (EDAPs), the new Strategic Infrastructure Plan (SIP) and Local Development Plan. This report has been prepared with regard to the Policy and Resources Committee December 2014 decision to take forward Option D in terms of investing for economic growth and a Strategic Infrastructure Plan (SIP) together with meeting the requirements of the newly established Economic Forum. The restructuring of EDST to deliver these outcomes was highlighted by the Leader of the Council during his budget speech in February.

1.2 OBJECTIVES OF THE EDST SERVICE AREA

1.3 The Economic Development and Strategic Transport (EDST) Service area is the Council's economic growth team and its main function is to deliver Argyll and Bute's SOA in all matters concerning the growth of our economy, tackling our population challenges and the delivery of the strategic and area based EDAP plans. This will be done working in partnership with other council services, community planning partners together with the private and voluntary sectors.

1.4 There is a growing recognition that the EDST Service has insufficient resources in terms of both budget and staff to undertake the necessary works to allow the Argyll and Bute economy to grow sufficiently to enable an increase in our working age population. Growing the local economy will allow additional jobs to be created and help to retain our population which is linked to our GAE that affects the level of cuts that may have to be applied to Council services in future years. Over the past 12 months recruitment in EDST has focussed on delivering capital projects, including CHORD, there now is a need to better facilitate the growth of the wider local economy through improved support to private businesses, addressing key barriers to growth such as lack of affordable housing, our poor transport connectivity (see Diagram A) and working with communities to undertake additional area regeneration activities. This report consequently seeks identified and targeted additional resources to assist the growth of the local economy in an effective and efficient manner.

1.5 The restructuring of the EDST will see 7 additional posts and 1 upgraded post added to three service areas including:

- 1 new post and 1 upgraded post under the Transformational Projects and Regeneration Manager with a focus on undertaking project work and regeneration activities throughout Argyll and Bute;
- 2 new posts under the Strategic Transport and Infrastructure Manager, focusing on improving our transport connectivity and delivering the strategic infrastructure plan and digital connectivity;
- 3 new posts focussing on business growth activities in our key business sectors such as tourism, defence industries, food and drink and marine sciences under the Economic Growth Manager;
- 1 new post to focus on promotion and marketing activities, with additional responsibility to facilitate the Argyll and Bute Economic Forum;
- It is also proposed to relocate responsibility for the Piers and Harbours at an operational level to Roads and Amenity Services.

2.0 RECOMMENDATIONS

2.1 That Members support the proposed revised structure of the Economic Development and Strategic Transport (EDST) Service as identified in **Appendix 1** and approve the allocation of the additional resources as identified in **Appendix 2** and paragraph 4.1 of this report.

3.0 DETAILS

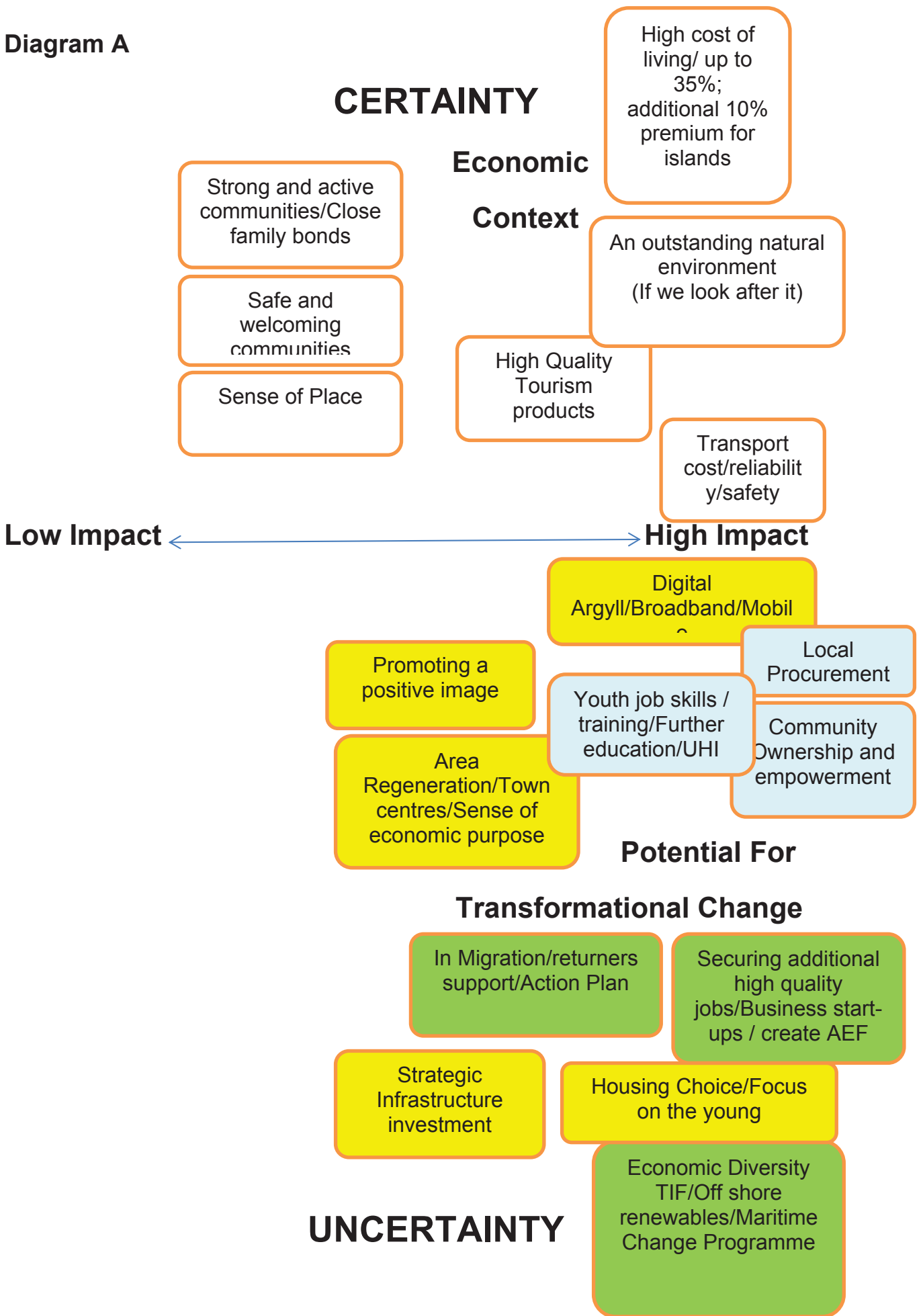
3.1 The purpose of this restructuring exercise is to examine the current activities of the EDST service and set them against the identified priorities for the sustainable growth of our economy and addressing our population challenge. These priorities for action have been identified through the Single Outcome Agreement and the strategic and area based Economic Action Plans that are aligned to its key outcomes.

3.2 The EDST is a small team that has grown in recent years in response to the need to deliver projects or council policy relating to the economy and strategic transport issues. The team helped grow the economy by 3% in the last financial year, securing European funding such as LEADER £4.9m and secured permission for the Lorn Arc TIF at £18.5m and other external funding in excess of £15 million with further bids lodged for the likes of ESF (£2m) and ERDF growth accelerator programme. In addition the team has been successful in completing or starting on site a number of area regeneration projects, lobbying for and directly improving essential infrastructure and supporting an increase in business start-ups with 328 over the last 3 years and supporting 1,570 existing businesses. The employability service has also assisted over 1,400 people back to work over the last 3 years helping to reduce the job claimant rate to around 2%.

3.3 That said the workload of the team to achieve these results and maintain them has become unsustainable at current staff levels. The service also lacks strategic capacity and essential key skills (such as marketing and promotion, sector support and expertise, infrastructure development etc.) to fully address the additional demands that have been generated through the SOA and the need for further

economic growth that can deliver up to 400 private sector jobs per annum. In addition, there is also now a critical need to do more to raise the profile of Argyll and Bute, to ensure that economic decisions are taken locally and address key priorities at a local level together with a compelling need to adequately address the challenges we are currently facing and will continue to do so in the years ahead. (See **Diagram A** that identifies our main barriers to growth and areas where an expanded EDST service can make the most difference). It also needs to be noted that the creation of the Argyll and Bute Economic Forum brings with it additional requirements that will need adequate levels of resources including staff time to achieve positive outcomes and successfully tackle the population challenges we face in Argyll and Bute.

Diagram A



- 3.4 Currently support for business growth is divided between 2 separate teams in EDST that can be difficult to coordinate and has limited capacity to respond to economic opportunities as they arise. The creation of a single Business Growth Team under the economic Growth Manager will consist of a Senior Economic Growth Officer who will focus on our compelling offer helping to create and promote the investment opportunities in Argyll and Bute, particularly with national, regional and local commercial agents, developers and potential investors. The team will focus on sectorial support with the recruitment of 2 additional economic growth officers to encourage inward investment and facilitate the key growth industries of Argyll and Bute including Food and Drink, Tourism, Forestry, Creative Industries and Marine Sciences. Partnership working will help unlock the potential of the private and voluntary sector i.e. through working with the likes of HIE, the Economic Development Forum, Scottish Enterprise, Argyll and the Isles Tourism Cooperative and the Argyll and Bute Agricultural Forum. Improving business diversity, helping to add value to products, improving skills in our young people and linking them to job opportunities and creating dedicated centres of business excellence will also be a key outcome as will working with our procurement colleagues to secure additional community benefits to aid the growth of our economy.
- 3.5 A key barrier to additional growth in Argyll and Bute is a lack of essential infrastructure the Strategic Transportation and Infrastructure Team will be expanded by a Strategic Transportation and Infrastructure post to provide sufficient capacity to develop and implement a Strategic Infrastructure Plan (SIP) which is a key outcome of the SOA that will help prioritise to external funders what our priorities for future investment are. The team will also gain a Digital Graduate placement post to help develop digital connectivity throughout Argyll with a particular focus on the delivery of superfast broadband and 4G mobile phone signal technology which is becoming essential for modern life, the creation of employment growth, service delivery, marketing and the growth of the tourism industry. A key aspect of this post will be ensuring local businesses take full advantage of new digital infrastructure.
- 3.6 There will be a renewed focus on community empowerment and developing the TEAMTOWN concept (creating multi-disciple teams integrated with the community focussing on key issues affecting economic and population growth in each area) to take forward future area regeneration activity. Currently the EDST service lacks sufficient capacity to deliver clear area based action plans with smart targets to deliver area regeneration to many parts of Argyll and Bute. The team also struggles to facilitate the work of the Argyll islands taskforce and other initiatives that present themselves. The creation of 2 new Development Officer posts, one at a senior level and one an upgraded officer post, will help ensure that all areas of Argyll and Bute can benefit from this holistic approach to area regeneration, including our remoter communities and island communities linked to the work of the Argyll and the Islands Taskforce and other special projects.
- 3.7 Argyll and Bute has a significant number of investment and promotional opportunities that need to be brought to the attention of a wider market. Marketing expertise will be added to the team through the appointment of a dedicated Promotion and Marketing post in order to promote Argyll and Bute as a great place to live, work, invest in and visit. The creation of an additional budget will also allow

the team to take advantage of match funding to produce sufficient data, partnership working and ongoing promotional and marketing opportunities.

- 3.8 Collectively the additional capacity will allow EDST to work more with our partners, identify economic development opportunities and attract additional external funding into the area together with serving the needs of the Argyll and Bute Economic Forum with its initial focus on developing the tourism, food and drink and education and skills sector linked to economic and population growth.
- 3.9 In terms of other parts of the EDST service the current CHORD / Capital Projects team will continue to operate with the name changed to the Capital Projects team with no additional posts following the recruitment that has taken place over the last 12 months.
- 3.10 To allow EDST to focus on the delivery of economic growth it is proposed to transfer the Piers and Harbours service to Roads and Amenity Services. Appendix 1 of this report includes the existing and new structure of the EDST service.

Promotion and Marketing

- 3.11 There is a need to improve our image as a place to live, invest, visit and work in and also to highlight our many compelling economic opportunities and attract economic migrants to live in Argyll and Bute. It is proposed therefore to create a Promotion and Marketing post, to undertake this work reporting directly to the Head of Economic Development and Strategic Transport and supporting the Economic Forum. This post may also have to be augmented by additional one off budget to change our area's brand identity that will be subject to another report.

4.0 STAFF and ADDITIONAL BUDGETS

- 4.1 While increasing the staff resource is vital to meet our SOA targets and facilitate the establishment of the Economic Forum there is also a need to create sufficient financial resources to create the right conditions for economic growth and allow the team to have the right data in place and enable opportunities to attract additional external funding and partnership working. It is therefore suggested that the following budgets are made available:-

- The additional staff costs are identified in **Appendix 2** of this report. The gross cost of additional staff posts is £331,758 per annum at the highest point of the proposed salary scale. D and I have identified £141,000 per annum to part meet this increase with the remaining sum requiring an additional annual revenue budget requirement of £190,758 at its peak.
- The creation of a dedicated budget of £95,000 per annum for additional economic activity purposes with a particular focus on promotion and marketing activities including the promotion of development sites and Argyll and Bute as a good place to live, visit, work and invest. In addition the budget will also be used for specific research and studies on key issues affecting the economy, partnership funding, data collection and travel expenses.

5.0 CONCLUSION

5.1 There is a need to restructure and add additional resources to the current EDST team in order to address capacity issues within the team, improve our economic performance, facilitate the work and recommendations of the Economic Forum, deliver the outcomes of our key policy documents such as the CPP's Single Outcome Agreement (SOA) and EDAP and create the right conditions to adequately address our population challenges. This approach was agreed at the Policy and Resources Committee December 2014 that took forward Option D in terms of investing for economic growth and a Strategic Infrastructure Plan. This report proposes the formation of 4 distinct service areas refocused on providing support to different aspects of our economy linked to the priorities for action highlighted in our suite of strategic documents with the existing staff structure detailed in **Diagram 1.1** and proposed staff restructure detailed in **Diagram 1.2 contained within Appendix 1** and costs included within **Appendix 2** and paragraph **4.1** of this report. **Appendix 3** provides additional detail on priorities of the proposed expanded EDST service for information. It is also proposed that the Piers and Harbour Service be transferred to Roads and Amenity Service (43 posts) to allow the EDST service to focus on economic activity and addressing our population challenges.

6.0 IMPLICATIONS

6.1	Policy	The work of the EDST team is focussed on the delivery of the SOA and other key policy outcomes contained in the Strategic and Area Economic Development Action Plans
6.2	Financial	The creation of 7 additional FTE posts with 1 upgraded post and budgets to improve Argyll and Bute's economic performance. (See Appendix 2 and paragraph 4.1)
6.3	Legal	None
6.4	HR	The creation of 7 additional posts FTE and 1 upgraded post will be subject to job evaluation, recruitment and negotiation with the unions.
6.5	Equalities	None
6.6	Risk	There is a need to grow our economy to help create additional private sector job opportunities in an effort to address our population challenges, address local economic development issues and counter future loss of our GAE
6.7	Customer Services	None

For further information contact: Fergus Murray Head of Economic Development and Strategic Transportation

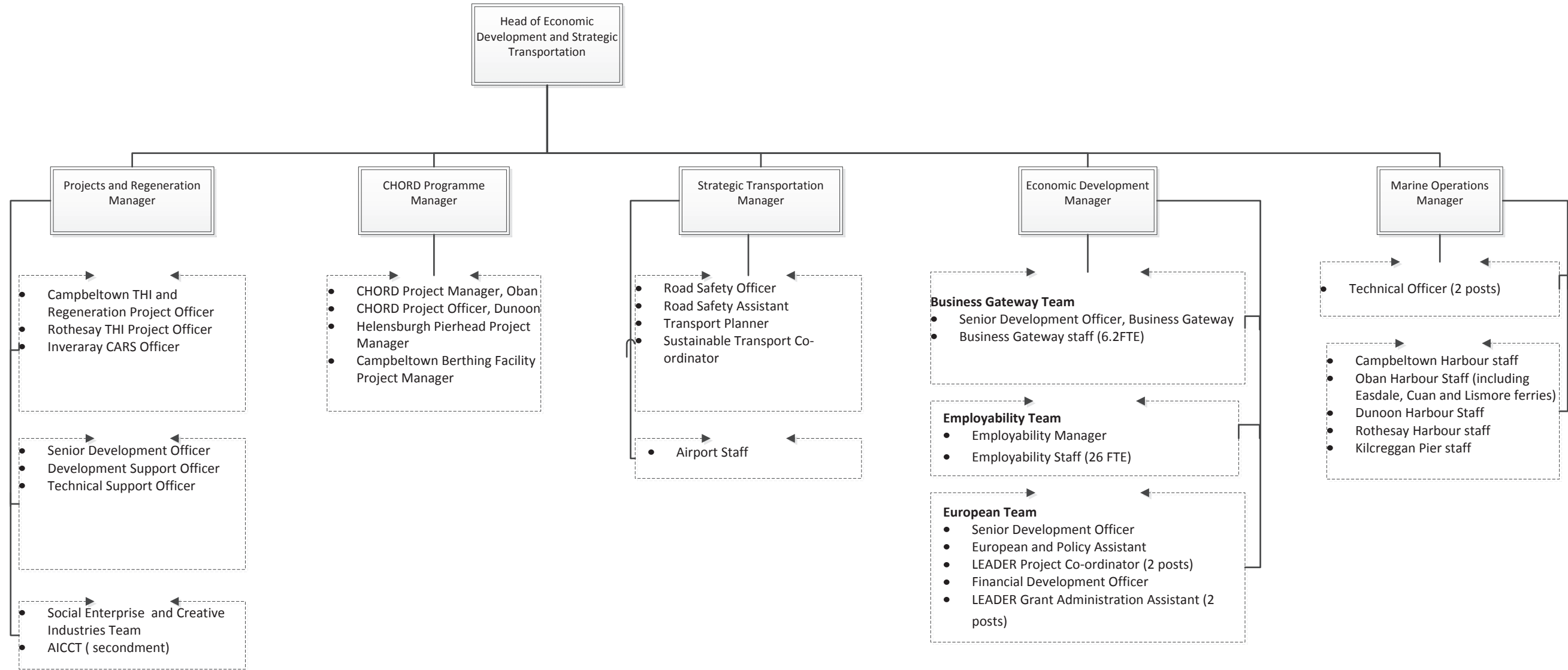
APPENDICES

Appendix 1 Proposed EDST Structure / Diagram 1.1 and 1.2

Appendix 2 Financial costs

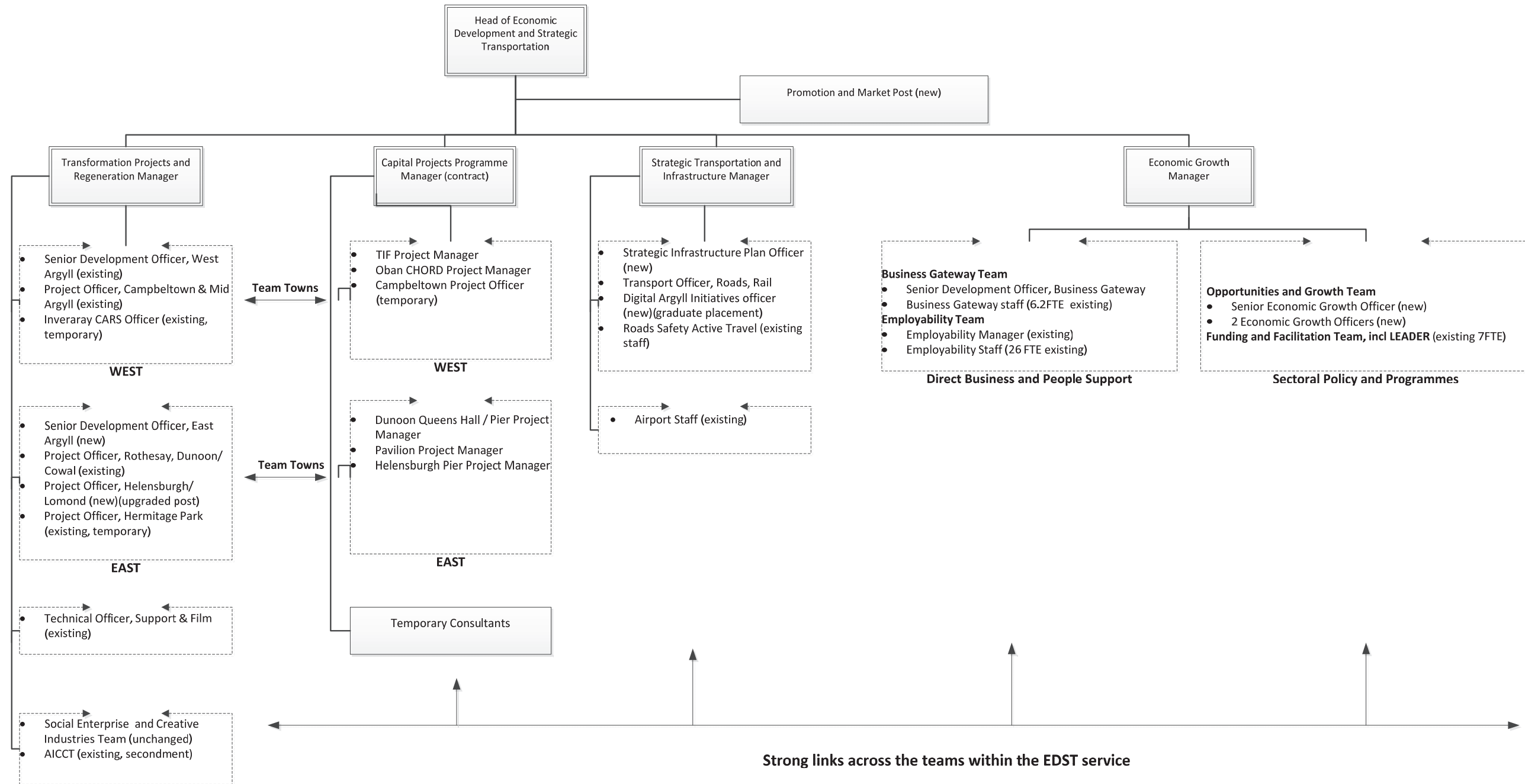
Appendix 3 Additional Information

APPENDIX 1
Diagram 1.1 EDST current structure



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APPENDIX 1
Diagram 1.2 EDST Proposed Structure



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Economic Development and Strategic Transportation

Proposed Structure with grades 021214 - New Posts

APPENDIX 2

Grade	Spinal Column Points	SCP	Basic	NI	Superann	Total
LGE12	77 - 83	77	£36,334	£2,877	£7,012	£46,223
		79	£37,470	£2,995	£7,232	£47,697
		81	£38,605	£3,113	£7,451	£49,169
		83	£39,778	£3,235	£7,677	£50,690
LGE11						
	69 - 75	69	£32,277	£2,455	£6,229	£40,961
		71	£33,245	£2,556	£6,416	£42,217
		73	£34,250	£2,660	£6,610	£43,520
		75	£35,330	£2,773	£6,819	£44,922

New Posts	Grade	Bottom SCP	Top SCP
Transformation Projects and Regeneration Manager			
Senior Development Officer, South Argyll	LGE12	£46,223	£50,690
Project Officer Helensburgh/Lomond	LGE11	£9,850	£10,841
	upgrade from LGE 9		
Strategic Transportation and Infrastructure Manager			
Strategic Infrastructure Plan Officer	LGE12	£46,223	£50,690
Graduate Placement digital skills Officer	LGE9	£31,111	£34,081
Promotion and Marketing Post	LGE11	£40,961	£44,922
Opportunities and Growth Team			
Senior Economic Growth Officer	LGE12	£46,223	£50,690
Economic Growth Officers x 2	LGE11	£81,922	£89,844
Totals		£302,513	£331,758

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APPENDIX 3

The Council has 3 key outcomes pertinent to the economy within its Single Outcome Agreement (SOA). These are

- 1. The economy is diverse and thriving.**
- 2. We have infrastructure that supports sustainable growth.**
- 3. Education, skills and training maximises opportunities for all.**

If these key outcomes are to be realised there is a need to:-

- Create new high quality jobs and business starts throughout Argyll and Bute;
- Provide additional support for existing businesses;
- Attract new established businesses to the area with a focus on areas with greatest potential for growth;
- Create new opportunities for development and external investment;
- Creating the right conditions for growth;
- Address the existing barriers to growth;
- Develop Argyll and Bute as a place for investment and improving our image;
- Promote Argyll and Bute as a great place to live, a great place to visit and a great place to invest and do business in;
- Create a local workforce with the necessary work skills that are essential to meet the changing demands of the local economy and external markets;
- Create an entrepreneur culture and making economic growth easy; and
- Deliver essential infrastructure (digital, grid and transport connectivity, housing, etc.).

To achieve this, the Economic Development and Strategic Transport (EDST) Service needs to be able to allow sustainable development by:

- Making the process as easy as possible;
- attracting and welcoming development in a pro-active manner through building on our reputation on providing certainty and consistency, being open for business and being seen as being good to do business with;
- Give comfort that if an applicant/enquirer/investor follows advice then the development will happen;
- Make the process as quick and efficient as we can; and
- Maximise opportunities for local sourcing, local employment and attracting development to where it would be most beneficial to our communities in Argyll and Bute.

The EDST Service will also need to enable and attract new development by:

- Creating a service and team culture that enables development;
- Having a good reputation based on track record of delivery;
- Giving potential investors and developers confidence in Argyll and Bute;
- Having the right strategies and policies and clear action plans in place that show how, by who and when they are going to be delivered;

- Responding quickly to requests and giving clear instructions on a consistent basis;
- Problem solving to get the right result; and
- Providing solutions rather than finding problems
- Promoting Argyll and Bute as a place to be, to visit and to invest in clearly identified opportunities contained within our Strategic Economic Development Action Plan (EDAP), Local Development Plan (LDP) and other strategic documents;
- Understanding business needs at all times and communicate on a regular basis with businesses to build business relationships;
- Direct marketing of the sectors/businesses that Argyll and Bute can support and add value to i.e. food and drink, tourism and marine sciences;
- Having flexibility in our plans and being responsive to the changing needs of business;
- Having the right offer and combining offers (i.e. combining economic development, roads and amenity advice building standards advice, planning advice, business gateway advice contacts);
- Being innovative in our approach to attracting economic growth and responsive to new opportunities;
- Proactively working with other public agencies such as HIE, SE, SDI, commercial agents, developers, investors, architects, construction companies and other development partners.

The EDST Service will enable the provision of business and land premises by:

- Ensuring our LDP has sufficient business land zoned for new development and a positive policy stance to proposals with added economic value;
- Making best use of our council property assets and encouraging others to provide affordable workspace, and industrial units; and
- Developing more provision in partnership with the private and voluntary sectors on a joint venture basis, low cost disposal or lease-back basis;

The EDST Service will Support job creation by:

- Working with Job Centre Plus on recruitment fairs;
- Working through our business gateway team and our partners such as HIE and SE on starting up business programmes;
- Working with employability and our partners such as our Education Service, Argyll College and UHI on creating a skilled workforce;
- Creating modern apprenticeships both directly and by encouraging the private sector to operate apprenticeship schemes and other training opportunities;
- Maximising external funding opportunities;
- Supporting graduate intern opportunities;

The EDST Service will support job retention by:

- Working with existing businesses and problem solving to support their growth plans;

- Hosting and supporting visits, events and providing information; and
- Working with local business groups and networks
- Supporting partners external funding bids and identifying funding sources where appropriate.

The EDST Service will work with the Council's Housing Service and our housing partners such as ACHA, Dunbritton and Fyne Homes to create more housing choice that enables economic growth existing housing by:-

- Working with developers to ensure a broad range of housing types being delivered including affordable in places where people want to live and work;
- Bringing existing empty properties back in to use;
- Renewing/redeveloping small areas of substandard housing;
- Create new housing on suitable empty sites, brownfield sites previously used for other purposes and underutilised sites; and

The EDST Service will make Argyll and Bute a better place to live, to visit and invest by:-

- Providing for and lobbying the Scottish and UK Governments and EU for improved essential infrastructure funding to facilitate future growth;
- Investing in our town centres and other area regeneration activities that assists with the delivery of economic growth and improving people's quality of life;
- Developing the low carbon economy with a focus on the delivery of renewables including the optimisation of community benefits and energy saving measures;
- Protecting and enhancing key natural and built heritage assets;
- Emphasising our compelling attributes to a wider audience;

To achieve this, the EDST team needs to do a range of things including:

- Showing leadership and resilience;
- Providing visioning, strategies, policies, action plans and delivery;
- Enabling and allowing the right development;
- Promote and marketing what Argyll and Bute has to offer;
- Influencing and lobbying organisations with the responsibilities and powers to address issues and deliver change;
- Have knowledge, evidence and expertise of the place and the issues – and use it to address the issues;
- Work in partnership with other organisations from the public, private and third sectors:

There are a range of significant projects that are already active and designed to deliver key elements of the Growth Strategy, and the team will need to effectively deliver their role in those. They include:

Projects on site and in planning (This is a snap-shot of current significant projects which is subject to frequent changes and additions)

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
Oban, Lorn and the Isles		
Saulmore golf course, marina and hotel	Private	
Tom Laith Development	Private/Lorn Arc	
New hotel north pier	Private	
Stafford Street Oban public realm phase 1	CHORD	£650,000
Stafford Street Oban Public Realm Phase 2	CHORD, Scottish Transport	Circa £2.6 - £3 million project with £300k input from Scottish Transport
North Pier Maritime Project phases 1 to 4	CHORD/ Lorn Arc	Circa £5.5 million
Corran Halls Oban refurbishment	ABC	
Oban Business Park, Oban Airport/Lorn Arc	ABC, Private	
Kirk Road, Dunbeg/ Lorn Arc	ABC, HIE	£2.7 million scheme
Winter Resilience Store Oban Airport	ABC	
Seaweed factory at Barcaldine	Private,Lorn Arc	Multi million pound investment
5 affordable houses on Iona	WHHA/ABC	£1m+
Kerrera Marina	Private,HIE	
Dunstaffnage Marina	Private, HIE	
New Oban Lidl supermarket	Lidl	
Dunstaffnage phase 2 housing – 25 affordable houses	WHHA, ABC	
Connel -10 houses	ACHA,	
New Oban High School	ABC	
New class 4 offices	HIE, Macleods	
Shuna south-west new marine salmon farm	Private	
Next Generation Broadband	HIE, BT	Total project cost for Highlands and Islands £146m
Giga Plus Argyll Community Broadband Project	Third Sector, CBS	CBS funding approx. £700,000
Vodafone Rural – Tiree, Seil, Luing, Dunbeg, Connel	Vodafone	
SG Mobile Pilot – Coll	Scottish Government, Development Coll, Vodafone	
Mobile Infrastructure Project – Clachan Seil, Ellenabeich/Balvicar, Bunessan, Cuan Ferry – IF technical solution can be found	Department for Culture Media and Sport, Arqiva	
Local Energy Challenge Fund Bid – ACCESS (Mull) and	Community Energy Scotland, Third Sector	Potential £2million project

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
Microgrid Accelerator (Dalavich);		
Cruachan 2 feasibility stage	Scottish Power	Multi million project
Garmony Hydro	Green Energy Mull	
Argyll Coastal Waters – Seil site	ABC, Stramash	£500,000 (£470,000 external funding)
Tobermory Bakery Extension with 12 affordable houses	Private	
Iona Slipway Repairs	ABC	£1.2 million
Isle of Eriska hotel luxury spa and extension to hotel	Private	£1.4 million
Mid Argyll, Kintyre and the Isles		
50 Main Street, Campbeltown	ABC, MacLeod Construction Ltd	£500k
Campbeltown cinema	Social Enterprise, ABC, HIE, HLF	£3 million +
Campbeltown THI	ABC, HLF, Private and LEADER	£7 million
Campbeltown Town Hall refurb	SKDT	£2.2 million
Campbeltown Berthing Facility	CHORD	£1.5 million project (£120,000 external funding)
Campbeltown old quay and fish market	ABC	
Campbeltown 6 business units	HIE, MacLeod Construction Ltd	
Campbeltown Grammar School	ABC	
Campbeltown CARS phase 2	ABC, Private, Historic Scotland	£2.2 million
Campbeltown former call centre - new council offices	ABC	
Campbeltown old hospital ward 1 converted to council offices	ABC	
MERL expansion	HIE	£322k HIE investment
Machrihanish shared depot with Transport Scotland	ABC, Transport Scotland	
Machrihanish/Campbeltown SPACEPORT bid round 2	MACC, ABC	Multi billion pound proposal
Machrihanish NIRI aquaculture investment	NIRI, Private, HIE	
Tangy wind farm re-powering	SSE Renewables	
Escairt wind farm		
Freasdail wind farm	RES	£110K community benefits
Blary Hill wind farm	RES	
A'Chruach Windfarm nr. Minard	Infinis	£150k community benefit + £30k community benefit
Kintyre – Hunterston Subsea Cable Project	SSE Power Distribution	£200 million project
Tarbert marina expansion	Private	500k Coastal Communities Fund
Islay private house upgrade to create 5 star hotel	Private	

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
New Distillery being considered for Port Ellen	Private	
Sound of Islay Tidal Array 10 MW	Scottish Power Renewables	
Jura Ardfin Estate golf course and luxury accommodation	Private	£50 million project
Jura Craighouse Hotel extension	Private	
Bowmore expansion phase 1 - 20 affordable houses (Phase 2 is funded)	ACHA, Islay Estates, ABC	
Bruichladdich 6 bonded warehouses	Private	
Inveraray expansion phase 1 - 12 affordable houses/flats	ACHA	
Inveraray expansion phase 2 – New Coop	Co-op, MacLeod Construction Ltd	
Inveraray CARS buildings refurbishment with a minimum of 2 key buildings	ABC, Private	£2,000,000 (£1,450,000 from external funding)
Kilmory Industrial Estate expansion	MacLeods Construction, HIE, ABC	Est £4.5 million
Yot Spot Ardrishaig chandlery	Private	
Clock Lodge refurb with new Harbro Store	Lochgilphead Phoenix Project, Harbro	
Kilmartin Museum	Kilmartin Museum, ABC	Circa £6 million
6 affordable houses in Ardfern	Fyne Homes, ABC	
New Argyll and Bute Hospital – Lochgilphead	NHS Highland	
Extension to Srondoire Bay marine fish farm	Private	
Crinan Canal footpath upgrade	ABC, Sustrans funding	
A83 investment – South of Kennacraig	Transport Scotland	£900k
Next Generation Broadband	HIE, BT	Total project cost for Highlands and Islands £146m
Vodafone Rural – Ardfern, Ormsary	Vodafone	
Mobile Infrastructure Project – Crinan, Clachan, Achnamara, Southend – If technical solution can be found	Department for Culture Media and Sport, Arqiva	
Cour Windfarm	SSE Renewables	
Local Energy Challenge Fund Bid – Microgrid Accelerator (Machrihanish)	Community Energy Scotland, Third Sector	
Inveraray to Crossaig Overhead Power Line Upgrade	Scottish Hydro Electricity Transmission	
Srondoire Community	Allt Dearg Windfarms	

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
Windfarm		
Islay Energy Wind Turbine	Islay Energy	£1.3 million
Helensburgh and Lomond		
CHORD Helensburgh Public Realm	CHORD	£7.2 million budget (£570,000 external funding)
Helensburgh Pierhead– New swimming pool, flood defences and public realm works	ABC, MOD, Sports Scotland, Private	Circa £18 million development
East Clyde Street Council Offices	ABC	
East King Street - 24 flats	Dunbritton HA	
Succoth Arrochar - 26 houses/flats	Dunbritton HA	
Helensburgh Golf course - 18 houses	Dunbritton HA	
Gasometer site proposal for commuter car park funding application	Transport Scotland, ABC	£400k project
Sawmill site pre planning for 150 houses and possible road access to industrial site	CALA (West)	
Kirkton Farm site in Cardross pre planning for 150 houses with associated road improvements	BETT Homes	
Hermitage former school site – 101 house development	ABC, Private	
Hermitage Park	ABC, HLF, Friends of Hermitage Park	£2 million development
The Tower and submarine Museum Helensburgh Town Centre	Private, ABC, MOD and CCF	£450k +,
NVA Cardross St Peters Seminary - First phase	NVA, ABC, HS, CS	£7.5 million
Maritime Change Project	MoD	Estimated value £1.3 billion project
Faslane Base - 156 bed space project	MoD	Circa £8.5 million
Faslane Base – 156 bed space project (phase 2)	MoD	
Helensburgh innovation centre feasibility stage looking at options	ABC, Scottish Enterprise	
Helensburgh Sustrans upgrade	ABC, Sustrans	£150k
Cardross to Dumbarton cycle path upgrade	ABC	
Shopfront upgrades to 17 shops in Helensburgh	ABC, Private businesses	£140k

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
Helensburgh town centre free WI FI	ABC	£10K
A82 upgrade Crianlarich bypass	Transport Scotland	£4.4 million
Pulpit Rock	Transport Scotland	£9.2 million
Feasibility underway for improvements north of Tarbet	Transport Scotland	£18 million pounds
A83 additional upgrades	Transport Scotland	£3 million
Ben More marina, hotel and luxury housing awaiting finance	Private	Multi million pound development
Next Generation Broadband	Scottish Government, BT	Total Rest of Scotland project £264m
Rollout of 4G by Vodafone & O2	Mobile operators	
Refurbishment and Enhancement of Kidston Park Childrens Area	ABC	
Bus Infrastructure Upgrades Helensburgh and Lomond	SPT	£100,000
Bus Turning Circle at Rest and Be Thankful	SPT, Transport Scotland	£400,000
Helensburgh and Lomond Cycleway (Cardross Section)	SPT, Sustrans	£200,000
Bute and Cowal		
Rothesay Pavilion refurbishment and creation of community hub	ABC, HIE, HS, HLF, CCF, RCGF	£8.8 million project. RCGF, Coastal Communities Fund, HIE and HLF funding secured
Rothesay THI	ABC, private businesses	£2,653,896 (External funding £2,107,772)
Royal Hotel secured structural integrity of building through council investment	George Hanson, ABC, Historic Scotland	£55k Phase 3 works
Mount Stuart - Estate buildings and better tourism offer	Mount Stuart Estate	£8.5 million investment
Queens Hall Dunoon skills and wellbeing centre	CHORD	£9.5 million project
Dunoon pre CARS bid feasibility work	ABC	£30k
Wooden Pier refurbishment	CHORD	£2.85 million committed for Phase 1 (£350,000 external funding)
Burgh Halls refurb and conversion to community arts centre	Third Sector, Creative Scotland	£1.65 million
17 affordable houses - St. Cuthberts	Fyne homes development	
Dunoon SUSTRANS upgrade to Esplanade	ABC, SUSTRANS	£250k
Dunoon Primary school upgrade	ABC	£7 million investment

PROJECT	PARTNERS (Lead partner in black)	ESTIMATED VALUE
Dunoon new unit for children in need of care	ABC	£1 million investment
Ardyne pre planning scoping for aquaculture business site	Private, HIE	Multi million pound investment with HIE input
Sandbank industrial site - new advanced offices	HIE, ERDF	£1.9 million
MERK 1 MW hydro scheme	Private and 3 rd sector	
Cairndow community forest buyout	Third Sector	
Portavadie latest phase of development - spa, energy centre and workers accommodation	Private, HIE	£7 million +
Cowal Way upgrade	Third Sector	£300k (Coastal Communities Fund)
Next Generation Broadband	HIE, BT	Total project cost for Highlands and Islands £146m
Dalinalongart Biomass	Private, ABC	
Rothesay Pier	ABC	£50,000
Stalled Spaces	ABC, SG	£15,000
Roads Reconstruction Programme - Network fabric enhancements across Argyll and Bute	ABC	£4.6m for 2015 following on from a £29m investment over the past 4 financial years.
Smarter Choices Smarter places – bus signage, walking and cycling maps, route development work	ABC	£142k

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