

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



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15 October 2015

NOTICE OF MEETING

A meeting of the **ARGYLL AND BUTE COUNCIL** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 22 OCTOBER 2015** at **11:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTERESTS (IF ANY)**
- * 3. **MINUTES OF COMMITTEES** (Pages 1 - 6)
Minutes of Special Policy and Resources Committee of 8 October 2015

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 *.

4. **AUDITED ANNUAL ACCOUNTS 2014-15** (Pages 7 - 320)
Report by Head of Strategic Finance
5. **AUDIT COMMITTEE ANNUAL REPORT 2014-15** (Pages 321 - 328)
Report by Chair of the Audit Committee
- * 6. **PLANNING OUR FUTURE** (Pages 329 - 332)
Report by Executive Director of Customer Services
 - (a) **SERVICE CHOICES** (Pages 333 - 348)
Report by Head of Strategic Finance (previously considered by the P&R Committee)

(b) SERVICES CHOICES - SUBSTITUTED SAVINGS (Pages 349 - 352)

Report by Head of Strategic Finance

(c) INNOVATION, INCOME GENERATION AND GROWING THE ECONOMY (Pages 353 - 356)

Report by Executive Director of Customer Services (previously considered by the P&R Committee)

(d) PUBLIC CONSULTATION (Pages 357 - 380)

Report by Executive Director of Customer Services

7. NOTICE OF MOTION UNDER STANDING ORDER 13

Moved by Councillor Robb and seconded by Councillor Trail

Motion – Hermitage Academy

The Council:

Notes that the pass rate at Hermitage Academy for the first S5 exams under the new Senior Phase Model is below the national average for Higher and substantially below the national average for National 5.

Notes the Hermitage Academy Senior Phase Model has pupils embarking on a 2 year course in S4/S5, bypassing certification in S4 and being presented at the appropriate level in S5.

Agrees pupils at Hermitage Academy shall have the option to undertake up to eight qualifications at National 5 level in S4. This does not preclude the substitution of higher or lower grade qualifications, vocational qualifications or other awards if appropriate to a pupil's ability and maturity.

Agrees that additional resources be made available from within the education budget to Hermitage Academy as required to implement that change and improve overall academic attainment.

8. NOTICE OF MOTION UNDER STANDING ORDER 13

Moved by Councillor Breslin, seconded by Councillor Strong.

Preamble

Some councillors have continuing concerns about the tender process for the Alcohol & Drugs Partnership and the award of a contract to a single supplier. The Audit Scotland report into this was critical of aspects of the process and the manner in which the ADP had been managed in the past but it did not establish clearly why the service specification in the Invitation to Tender (ITT) was so radically altered within weeks of the new contract starting. The Audit Scotland report did not look at the subsequent issues of former addictions staff not being employed by the new contractor and the TUPE issues which remain outstanding.

Motion

This motion calls for a fully independent enquiry to be set up to examine in detail the competence of the ITT, the competence of the contract that was then awarded, the variations to that contract, the reasons, justifications and timing for and of those variations and the resulting TUPE implications for the former addictions staff. The

enquiry will also look at the internal approval process for the tender and any other matters the enquiry considers relevant to the ADP and its operation. The enquiry will be carried out by a Scottish law firm that has internal expertise in both contract law and employment law. This work will be openly tendered in line with the council's procurement policy and using Public Contracts Scotland. It is essential that the enquiry produces a final report at the full council meeting scheduled for 26 November 2015.

9. NOTICE OF MOTION UNDER STANDING ORDER 13

Moved by Councillor Breslin, seconded by Councillor Strong.

Democratic accountability and scrutiny should be a key aim of this council. The Alcohol and Drugs Partnership (ADP) and the forthcoming integration of health and social care do not allow for sufficient democratic scrutiny and we propose the following to remedy this:

1. One elected member of the council should be nominated to be on the Executive Group of the ADP.
2. One additional elected member should be nominated to be on the Integrated Joint Board for health & social care.
3. All members of this council should be able to attend all meetings of the ADP and IJB, and any sub groups, with the same rights as they have to attend any council meeting as laid down in the council's constitution.

Argyll and Bute Council

Contact: Sandra McGlynn Tel: 01546 604401

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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 8 OCTOBER 2015**

Present:

Councillor Dick Walsh (Chair)

Councillor Rory Colville	Councillor Ellen Morton
Councillor Robin Currie	Councillor Douglas Philand
Councillor Donald Kelly	Councillor James Robb
Councillor Roderick McCuish	Councillor Len Scoullar
Councillor Iain Stewart MacLean	Councillor Isobel Strong
Councillor Alistair MacDougall	Councillor Sandy Taylor
Councillor Aileen Morton	

Also Present:

Councillor Donald MacMillan	Councillor Robert E MacIntyre
Councillor Neil MacIntyre	Councillor James McQueen

Attending:

Sally Loudon, Chief Executive
Douglas Hendry, Executive Director – Customer Services
Pippa Milne, Executive Director – Development and Infrastructure Services
Kirsty Flanagan, Head of Strategic Finance
Anne Marie Knowles, Head of Education
Jane Fowler, Head of Improvement and HR
Jane Jarvie, Communications Manager
Patricia O'Neill, Central Governance Manager

It was noted that item 3 of the agenda (Planning Our Future) should have been marked with an asterisk on the agenda to signify the intention of the Committee to make a recommendation to the Council in respect of each of the component parts thereof.

The Chair sought agreement from the Committee to withdraw item 3d (Additional Communication Resources) from the agenda.

Motion

To withdraw the item from the agenda.

Moved Councillor Dick Walsh, seconded Councillor Ellen Morton.

Amendment

To consider the item on the agenda.

Moved Councillor James Robb, seconded Councillor Sandy Taylor.

Decision

Following a show of hands vote the Motion was carried by 10 votes to 3 and the Committee resolved accordingly.

The Chair advised that it would be his intention to hear presentations by officers and questions from Members in respect of items 3a to 3c of the agenda before opening debate to Members. He advised of his intention to move a Motion in respect of all three items.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mary Jean Devon and Gary Mulvaney.

2. DECLARATIONS OF INTEREST

There were none intimated.

*** 3. PLANNING OUR FUTURE**

(a) SERVICE CHOICES

A report updating Members on the progress to date with the Service Choices process was considered. The report outlined recommendations from the Project Board on the savings options to go out to public consultation and also provided an update on the budgetary outlook.

(Reference: Report by Head of Strategic Finance dated 1 October 2015, submitted)

(b) INNOVATION, INCOME GENERATION AND GROWING THE ECONOMY

The Committee considered a report which set out a proposal to capture ideas through staff and Services that can be appraised and evaluated to be taken forward as possible projects to deliver innovation, income generation, efficiencies and wider benefit to the communities of Argyll and Bute and growth in the economy and population.

(Reference: Report by Executive Director – Customer Services dated 1 September 2015, submitted)

(c) PUBLIC CONSULTATION

The Committee considered a report which set out for comment a proposed public consultation exercise as part of Planning Our Future. The consultation would seek the views of communities on savings options and suggestions for innovation, efficiencies and income growth.

(Reference: Report by Executive Director – Customer Services dated October 2015, submitted)

(d) ADDITIONAL COMMUNICATION RESOURCES

This item was withdrawn from the agenda as was agreed by the Committee at the beginning of the meeting.

The Chair adjourned the meeting at 12.50pm and reconvened at 1.30pm.

Motion

That members of the Policy and Resources Committee:

Note that 80% of the Council's funding comes from the Scottish Government.

Notes the eight-year Council Tax freeze and the Scottish Government's penalty scheme for local authorities which do not participate.

Note that the Council's grant from the Scottish Government has been reduced by over £30m in recent years while funding for other public agencies has increased (in one case by £17m).

Note that Argyll and Bute Council's funding from the Scottish Government is predicted to reduce substantially over the coming years, resulting in a budget gap of between £21.7m and £26m.

Welcomes the advice in Audit Scotland's annual report to members and the Controller of Audit dated September 2015, which notes the following key points about Argyll and Bute Council's financial management:

- The Council's financial management in 2014/15 has been effective
- The Council has a good history of keeping expenditure within budget
- Budgets are closely monitored with progress against budget being regularly reported
- Governance arrangements are generally sound and improvements are in progress
- Key financial controls operated effectively during 2014/15
- The Council is generally meeting its requirements to report publicly on its performance

Note the Scottish Government underspend of £413m in 2014 and £347m in 2015 – a total underspend of £760m.

To note the advice supplied by the Auditor General to the Scottish Government where he said "that there is a growing need for more information on the financial position of the devolved Scottish public sector and has called on the Scottish Government to set out clear plans and timescales on how it plans to improve on its financial reporting to enhance proper scrutiny of its spending".

Note that alongside the budget arrangements and Planning our Future process, the Council set up a cross-party project board in April 2015, including 8 Administration members, 4 SNP Group members and two trades union representatives.

Note the consensus among members of the cross-party project board, with no dissensions, in agreeing to recommend to this committee that all options for savings go out to public consultation as set down in recommendation 3.2 in the report to members.

Note that the options going out to consultation offer more total savings than required, to allow for choice and effective consultation with the public.

Note that, in light of the reduced funding from the Scottish Government, in order to retain the current level and quality of services and job numbers, the Council would have to increase Council Tax by around 23% over the next two years in order to meet both the estimated £9m budget gap and a £1.4m hold-back penalty from the Scottish Government for removing the Council Tax freeze.

In light of the lack of sufficient funding from the Scottish Government to deliver the current level of Council services and the concerns being expressed to us by our communities, calls on the Council's Trade Unions, SNP Council Group and all members, our constituency and regional MSPs and MP to support our request that the Scottish Government provides additional funding from the advised Government underspend/surplus to local government in Scotland generally but in particular to our Council to assist us in removing the advised gap in our funding as they have done with other parts of the public sector, to help us keep important Council services and jobs and assist with the removal of savings.

Agrees that the Council Leader writes to the Depute First Minister requesting additional funding for our Council and that, until the security of that additional funding is forthcoming, that members agree to the recommendations to council that all options go out for public consultation.

Note that as part of the savings scoring a matrix will be developed, building on the work done with the trades unions as set down in paras 4.3.1 and 4.3.2 in the report before members.

Note that as part of the stage 3 templates, options for consideration followed a rapid equalities impact assessment with the intention of a full EQIA being carried out by Heads of Service alongside the consideration on the agreed matrix which will contain scoring and weightings prior to any savings option moving to firm budget savings proposals for consideration by the Council at its budget meeting in 2016.

Agrees to support the recommendations to set up an Innovation and Growth Fund as specified in the relevant paper.

Notes the detailed discussion that took place around the consultation paper; agrees that the paper should be reviewed in light of these discussions; that all elected members are invited to contribute any further comments on the consultation to the Communications Manager before 9am on Monday 12th October; and that the reviewed paper will be presented for consideration to the Council on 22nd October.

Moved Councillor Dick Walsh, seconded Councillor Ellen Morton.

The Chair adjourned the meeting at this point for 10 minutes to allow the amendment to be put in writing.

Amendment

Members note that the reduction in Scottish Government support to local authorities is the direct result of the reduced support afforded to the Scottish government and to local authorities by the UK Government.

3a. Members note the paper and instruct the Head of Strategic Finance to include the proposed reduction to the Social Work budgets in Appendix 1 prior to it being presented to Council on 22nd October 2015.

3b. Members agree the recommendations

3c. Members note the paper but instruct the Executive Director of Customer Services to make the following alterations prior to it being presented to Council on the 22nd October 2015:

1. Include the cuts to the Social Work budgets in proposals for consultation
2. Add commentary explaining how the arbitrary percentage cuts to budgets will actually affect those receiving the service and the Council's SOA outcomes.
3. Replace the statement on p25 "This means a savings target of around £9m million in both 2016/17 and 2017/18 with further savings in future years" with a statement of the best estimate of the actual funding gap for those years.
4. Remove the requirement for contributors to balance positive and negative responses and replace it with a tolerance scale: 1 Strongly Agree with proposal, 2 Agree with proposal, 3 Neutral on proposal, 4 Disagree with proposal, 5 Strongly disagree with proposal.

Moved Councillor Sandy Taylor, seconded Councillor James Robb.

Decision

Following a show of hands vote the Motion was carried by 10 votes to 4 and the Committee resolved accordingly.

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ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****22 OCTOBER 2015**

AUDITED ANNUAL ACCOUNTS 2014-15

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the outcome of our external auditors, Audit Scotland, audit of the Council's Annual Accounts for 2014-15 together with its Charitable Trusts. The audited accounts of the Council and its Charitable Trusts, incorporating the audit certificates, are attached along with a set of summary accounts and a financial snapshot of the 2014-15 financial year.
- 1.2 The unaudited accounts were completed and submitted by the statutory deadline date of 30 June 2015. The audit has been completed and the accounts signed within the statutory deadline date of 30 September 2015. The audit certificate is unqualified and Audit Scotland was able to conclude that the Council and Charitable Trust accounts represented a true and fair view of both the Council's and Charitable Trusts' financial positions at the 31 March 2015. Audit Scotland have issued their Annual Audit Report to members and the Controller of Audit.
- 1.4 The significant adjustments to the accounts were as noted below.
- An increase in the Property, Plant and Equipment of £1.477m to reflect the costs of restoration and aftercare of the Council's Landfill sites offset by the creation of a provision for the costs.
 - The balance in respect of the Roads Stock was reduced by £0.024m.
 - The Audit Fee within the accounts was corrected, an increase of £0.029m.
 - The Management Commentary has been updated to reflect guidance in respect of its contents.
- 1.5 The effect of these adjustments was to reduce the Surplus on the Provision of Services by £0.053m which reduced the General Fund Balance by a similar amount.
- 1.6 The audit identified errors where it was agreed not to amend the accounts. These errors, if corrected, would have had the cumulative effect of reducing the council's net assets by 0.046m. There would have been no impact on the General Fund Balance.
- 1.6 The financial position of the Council based on the audited accounts can be summarised as follows:
- Surplus on provision of services for 2014-15 £4.581m
 - Total assets less liabilities at 31 March 2015 £160.957m
 - General fund balance at 31 March 2015 £46.067m.
- 1.7 The Accounting Regulations changed during 2014-15 and the Audited Accounts now need formal approval by Council Committee. This would normally be the Audit Committee, however, their Terms of Reference will need amending to give

them the power to approve the Accounts, therefore, this year the Audited Annual Accounts of Argyll and Bute Council for the year ended 31 March 2015 are recommended to Council for approval together with the Audited Annual Accounts of its Charitable Trusts.

AUDITED ACCOUNTS 2014- 2015

2. INTRODUCTION

- 2.1 Our external auditors, Audit Scotland, have completed their audit of the Council's annual accounts for the year to 31 March 2015 together with the audits of the Council's Charitable Trusts. The audited accounts for both the Council and Charitable Trusts, incorporating the audit certificates for 2014-15, are attached. The audit certificates contain no qualifications.

3. RECOMMENDATIONS

- 3.1 The Audited Annual Accounts of Argyll and Bute Council for the year ended 31 March 2015 are recommended to Council for approval.
- 3.2 The Audited Accounts of Argyll and Bute Council's Charitable Trusts are recommended for approval.
- 3.3 The Summary Accounts and Financial Snapshot of the 2014-15 financial year are noted.
- 3.4 Audit Scotland's Annual Report to Members and the Controller of Audit is noted.

4. DETAIL

- 4.1 The audited annual accounts including the audit certificates and the external audit report for the 2014-15 audits in respect of the Council and Charitable Trusts are attached.
- 4.2 The unaudited accounts were completed and submitted by the statutory deadline date of 30 June 2015. The audit has been completed and the accounts signed within the statutory deadline date of 30 September 2015.
- 4.3 The audit certificates are unqualified and Audit Scotland was able to conclude that the Council and Charitable Trust accounts represented a true and fair view of both the Council's and Charitable Trusts' financial positions at the 31 March 2015.
- 4.4 Audit Scotland have issued their Annual Report to members and the Controller of Audit.
- 4.5 The significant adjustments to the accounts were as noted below. There were also a few presentational adjustments.
- An increase in the Property, Plant and Equipment of £1.477m to reflect

the costs of restoration and aftercare of the Council's Landfill sites offset by the creation of a provision for the costs.

- The balance in respect of the Roads Stock was reduced by £0.024m.
- The Audit Fee within the accounts was corrected, an increase of £0.029m.
- The Management Commentary has been updated to reflect guidance in respect of its contents.

4.6 The table below reconciles the changes from unaudited accounts to audited accounts for the Surplus on Provision of Services, the General Fund Balance and Total Assets less Liabilities.

	Surplus On Provision of Services £m	General Fund Balance £m	Total Assets Less Liabilities £m
Unaudited Accounts	4.634	46.120	161.010
Reduction in Roads Stock	(0.024)	(0.024)	(0.024)
Correction to Audit Fee	(0.029)	(0.029)	(0.029)
Audited Accounts	4.581	46.067	160.957

4.7 The committed funds within the General Fund Balance were £30.193m per the audited accounts. This leaves an unallocated General Fund Balance of £15.874m. This equates to 6.5% of the Council's budgeted net expenditure for 2015-16 and exceeds the agreed contingency level approved as part of the 2015-16 budget process. Members agreed at Policy and Resources Committee in August 2014 to direct the free balance on the general fund exclusively to the theme of economy and jobs and proposals to increase income/reduce costs for the Council.

4.8 The audit identified errors where it was agreed not to amend the accounts. The errors amounted to £0.046m and related to under depreciation of properties within the asset register. These errors, if corrected, would have had the cumulative effect of reducing the council's net assets by 0.046m. There would have been no impact on the General Fund Balance.

5. CONCLUSION

5.1 This report advises members on the conclusion of the audit of the Council's Annual Accounts and also the audit of its Charitable Trusts. Audit Scotland have issued unqualified certificates on all accounts audited. The audits were completed and the accounts signed off within the required statutory deadline of 30 September 2015. Minimal adjustments were made to the accounts as a result of the audit process.

6. IMPLICATIONS

6.1	Policy –	None.
6.2	Financial -	None
6.3	Legal -	None.
6.4	HR -	None.
6.5	Equalities -	None.
6.6	Risk -	None.
6.7	Customer Service -	None.

Kirsty Flanagan Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Peter Cupples, Finance Manager – Corporate Support 01546-604183.

Appendix 1 – Summary of Main Changes to Financial Statements Arising from Audit

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

Section of Financial Statements Changes	Audited Accounts £000s	Unaudited Accounts £000s	Change £000s	Comments / Explanation
Comprehensive income & Expenditure Account (Pages 36-37 of audited accounts)				
Net cost of service	239,388	239,335	53 (Dr)	Increase in Audit Fee of £29k and reduction in Roads Stock Balance £24k.
(Surplus) / Deficit on Provision of Services	(4,581)	(4,634)	53 (Dr)	Net effect of above
Statement of Movement in Reserves (Pages 30-31 of audited accounts)				
Surplus) / Deficit on Provision of Services	(4,581)	(4,634)	53 (Dr)	See Comprehensive Income and Expenditure Account above.
Increase / (Decrease) in General Fund Balance for the Year	(2,026)	(2,079)	53 (Dr)	Net effect of above
Balance on General Fund Carried Forward	(46,067)	(46,120)	53 (Dr)	Net effect of above
Balance Sheet (Page 38 of audited accounts)				
Other Land and Buildings	281,317	279,840	1,477 (Dr)	Increase in value of Landfill Sites to reflect value of restoration and aftercare.
Inventories	334	358	24(Cr)	Reduction in value of Roads Stock.
Short-term Creditors	(35,577)	(35,548)	29(Cr)	Increase in creditor for Audit Fee
Long-term Liabilities - Provisions	(1,566)	(89)	1,477 (Cr)	Creation of a Provision to reflect the value of restoration and aftercare in respect of Landfill Sites.
Total assets less liability	160,957	161,010	53 (Cr)	Net effect of above



Audited Annual Accounts for the year ended 31 March 2015

LANGUAGE OPTIONS

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

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

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

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

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

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

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

**Strategic Finance
Argyll and Bute Council
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Management Commentary

INTRODUCTION

This Management Commentary outlines key messages regarding the objectives and strategy of the Council and its financial performance over the 2014-15 financial year and also provides an indication of issues and risks which may impact upon the finances of the Council in the future.

PRINCIPAL ACTIVITIES

Argyll and Bute Council was established in 1996 as part of local government reorganisation in Scotland under the Local Government (Scotland) Act 1994. The Council has responsibility for providing local authority services for the residents of Argyll and Bute. Argyll and Bute is the second largest local authority area in Scotland. It covers an area of 691,000 hectares bounded by the urban areas of Helensburgh and Dunoon, the Clyde, Loch Lomond to the East, the Mull of Kintyre to the south, Atlantic Islands to the west, and the Sound of Mull and Appin to the north.

The Council has thirty six councillors elected every five years to represent the interests of the local community. The management of Argyll and Bute Council is led by the Chief Executive, Sally Loudon. The operational structure is divided into the Chief Executive's Unit and three directorates: Community Services, Customer Services and Development and Infrastructure Services.

MAIN OBJECTIVES AND STRATEGY OF THE COUNCIL

The main objective of the Council is to make Argyll and Bute a place people choose to live, learn, work and do business. In doing so we contribute to the delivery of our shared vision, as outlined in the Single Outcome Agreement (SOA), that Argyll and Bute's economic success is built on a growing population. This will influence the use of the Council's resources.

To achieve this, the Council's Service plans align to the six long term outcomes identified in the SOA. These outcomes, along with our corporate enablers support the delivery of our Corporate Plan and also address national priorities for community planning:

1. The economy is diverse and thriving.
2. We have infrastructure that supports sustainable growth.
3. Education, skills and training maximises opportunities for all.
4. Children and young people have the best start possible.
5. People live active, healthier and independent lives.
6. People live in safer and stronger communities.

PUBLIC PERFORMANCE REPORTING

The Council has in place a Planning and Performance Framework that ensures that performance is integral to the work of the Council. All of the Council's plans specify the outcomes to be achieved, success measures and risks to be reduced.

MANAGEMENT OF RISK

The most significant risks faced by the Council over the medium to longer term include the financial challenges arising from expected reductions in government funding levels alongside increased demand for council services and the impact of Welfare Reform on the residents of Argyll and Bute. The Annual Governance Statement details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This explains the system of internal control in place and sets out improvements actions to the governance framework identified from the Council's ongoing review of these arrangements.

Management Commentary

THE FINANCIAL STATEMENTS

The objectives of financial statements are to provide information on the financial position, financial performance and cash flows of the Council which is useful to a wide range of users in making and evaluating decisions about the allocation of resources. The information provided by the financial statements should be useful for decision making and demonstrate the accountability of the Council for the resources entrusted to it.

The financial statements comprise:

- Statement of Movement in Reserves for the period
- Statement of Comprehensive Income and Expenditure for the period
- Balance Sheet as at the end of the period
- Cash Flow Statement for the period
- Notes, comprising a summary of significant accounting policies and other explanatory information

FINANCIAL PERFORMANCE

Statement of Movement in Reserves

The total Council reserves have decreased from £174.825m at 31 March 2014 to £160.957m at 31 March 2015, a decrease of £13.868m. This is represented by a Surplus on Provision of Services of £4.581m offset by a deficit in Other Comprehensive Income and Expenditure of £18.449m.

The Council's reserves are split into Usable and Unusable Reserves. Usable reserves are those which are backed by actual resources and can be applied to fund expenditure or reduce local taxation. Unusable reserves are not backed by resources and are required purely for accounting purposes, these reserves do not represent resources available for the Council to utilise.

Unusable Reserves have decreased by £15.820m from £126.299m at 31 March 2014 to £110.479m at 31 March 2015. The main reasons for this are an increase in the Pension Reserve Liability of £26.401m, a deficit on the revaluation of fixed assets of £0.774m and the transfer of £16.438m from the Comprehensive Income and Expenditure Statement for Capital Grants.

The Usable Reserves have increased from £48.526m at 31 March 2014 to £50.478m at 31 March 2015, an increase of £1.952m. The main reason for this is an increase in the General Fund Balance of £2.026m.

A number of adjustments are made between Council reserves to reflect the correct charge to Council Tax for the year. The net adjustment to the surplus per the Comprehensive Income and Expenditure Statement to reflect the impact on Council Tax is a debit of £2.555m. In summary this debit represents the difference between:

- Principal repayment to the loans fund and the depreciation or amortisation of property, plant and equipment, government grants and any gain/loss on sale of assets.
- Cash paid as pension contributions and the costs charged in accordance with IAS19.
- Statutory provision relating to amounts due on early repayment of loans and the charges in accordance with the Code.
- Capital element of finance lease payments on the schools NPDO contract and other finance leases and the amounts paid under the contracts.

The net surplus on the Provision of Services on the Comprehensive Income and Expenditure Statement of £4.581m less the adjustments to reflect impact on Council Tax of £2.555m equates to the increase on the balance on the General Fund of £2.026m.

Management Commentary

General Fund Reserve

The balance on the General Fund at 31 March 2015 stands at £46.067m compared to £44.041m at 31 March 2014, an increase of £2.026m. The “unallocated” General Fund Balance stands at £15.874m at 31 March 2015. This equates to 6.5% of the net revenue expenditure for 2015-16, the Council has a policy of maintaining an unallocated balance in the General Fund Reserve equivalent to 1.5% of budgeted net revenue expenditure, any balance in excess of the 1.5% is to be utilised for delivery of the SOA. There are a range of balances earmarked within the General Fund, these total £30.193m and are laid out in note 5 on page 57. The main balances include £7.672m for the Strategic Housing Fund generated from Council Tax on second homes, £3m earmarked as a revenue contribution to capital as a contribution to Dunoon and Campbeltown Schools, £9.5m contribution to investment in affordable housing and £8.039m earmarked from service budget underspends to support corporate and service improvement plans.

The movement in the General Fund can be summarised as follows:

	£m	£m
Balance on General Fund 31 March 2014		44.041
Release of sums previously earmarked to service budgets 2013-14		(5.925)
Supplementary Estimates agreed during 2014-15		(0.060)
Budgeted Contribution to General Fund Balance 2014-15		1.020
		39.076
Add outturn for 2014-15:		
Increase in Council Tax income	0.744	
Additional Council Tax Reduction Scheme Funding	0.138	
Net underspend on departmental and other expenditure compared to budget	1.190	
		2.072
Contributions to Earmarked Reserves 2014-15:		
Council Tax collection on second homes	1.927	
Funds earmarked by departments from budgets	2.992	
		4.919
Balance on General Fund 31 March 2015		46.067

Management Commentary

The release of sums already earmarked to service budgets of £5.925m consists of funds released to services of amounts previously earmarked for specific purposes, for example unspent budget within the Devolved Management of Resources Scheme of Delegation for Schools, Strategic Housing Fund payments and unspent grant and third party contributions required for specific purposes.

Performance against budget

The table below is a summary of the year-end actual expenditure for each department compared to the annual budget.

	(over) /underspend £m	Annual budget %
Chief Executive's Unit	0.010	0.47%
Community Services	(0.134)	(0.10%)
Customer Services	0.992	2.60%
Development and Infrastructure Services	(1.889)	(6.10%)
Departmental Outturn	(1.021)	(0.44%)
Non-Departmental expenditure	2.885	7.81%
Joint Boards and Severance Costs	(0.674)	(19.33%)
Expenditure Outturn	1.190	0.47%
Funding	0.882	0.35%
Outturn Total	2.072	0.82%

In Community Services, the overspend in Education was partly offset by an underspend in Adult Care. The underspend in Customer Services is due to procurement and vacancy savings. The overspend in Development and Infrastructure Services mainly relates to the additional costs associated with winter maintenance and coastal protection. The projected year-end position for the departments was forecast and monitored during 2014-15 and steps were taken to ensure that overall the departmental year-end variance position was not unfavourable.

Comprehensive Income and Expenditure Statement

The Council ended the year with an accounting deficit of £13.868m for 2014-15 compared to a deficit of £5.917m in 2013-14, this is the accounting deficit based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure for 2014-15 represents the decrease in the net worth of the Council from £174.825m at 31 March 2014 to £160.957m at 31 March 2015. This is a decrease in the net worth of the Council in accounting terms and does not represent a decrease in the spending power of the Council.

The total Comprehensive Income and Expenditure comprises a surplus on the provision of services of £4.581m, reduced by a deficit on the revaluation of Long Term Assets of £0.774m and an actuarial loss on the pension fund assets/liability of £17.675m.

Management Commentary

The surplus on the provision of services of £4.581m compares to a surplus of £1.694m for 2013-14. The main factors contributing to these changes are as follows:

- Taxation and Non-Specific Grant Income increased from £258.459m to £265.688m, an increase of £7.229m (2.8%). This increase in income reflects a general year on year decrease in General Government Grants and increases in Council Tax income, Non-domestic Rates income and Government Capital Grants.
- Financing and Investment Income and Expenditure decreased from £22.010m in 2013-14 to £20.845m in 2014-15, a decrease of £1.165m (5.3%). This decrease is due to an increase in interest and investment income which includes an unrealised gain on the revaluation of investment property of £1.648m.
- Other Operating Income and Expenditure decreased from £1.071m in 2013-14 to £0.874m in 2014-15, a decrease of £0.197m (18.4%). This decrease is due to there being a gain on the disposal of long term assets of £0.142m in 2014-15, this compares to a loss of £0.026m in 2013-14.
- The Net Cost of Services has increased from £233.684m in 2013-14 to £239.388m in 2014-15, an increase of £5.704m (2.4%). This is an increase in expenditure in accounting terms and does not represent a true increase in spend on services by the Council.

Balance Sheet

As indicated above the accounting net worth of the Council has decreased by £13.868m from £174.825m at 31 March 2014 to £160.097m at 31 March 2015.

The value of long term assets has increased from £514.498m at 31 March 2014 to £527.060m at 31 March 2015, an increase of £12.562m (2.44%). This comprises the net of an overall upward revaluation of fixed assets, capital expenditure in the year, less the value of long term assets disposed.

Total current assets have increased from £57.652m at 31 March 2014 to £71.119m at 31 March 2015, an increase of £13.467m. The main reason for this is due to an increase in Cash and Cash Equivalents of £17.771m from £6.075m at 31 March 2014 to £23.846m at 31 March 2015.

Total current liabilities have increased from £48.746m at 31 March 2014 to £72.740m at 31 March 2015, an increase of £23.994m. Short term borrowing has increased by £22.287m from £11.442m at 31 March 2014 to £33.729m at 31 March 2015. Short term creditors have increased by £2.595m from £32.982m to £35.577m. In addition, there has been a decrease in short term provisions of £1.013m, which relates to the movement in the provisions for equal pay claims and severance costs associated with employees leaving the Council under redundancy and early retirement.

Overall, long term liabilities have increased from £348.579m at 31 March 2014 to £364.482m at 31 March 2015. The increase of £15.903m is primarily due to the increase in the IAS19 valuation of the pension scheme liability from £118.337m to £144.738m, partly offset by a decrease in Borrowing Repayable within a period of 12 Months of £10.085m and the introduction of a provision for the restoration and aftercare costs for landfill sites for £1.477m.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The Cash and Cash Equivalents balance at 31 March 2014 was £6.075m and increased by £17.771m to £23.846m at 31 March 2015. The Net Cash Flows from Operating Activities have increased from £5.335m at 31 March 2014 to £13.541m at 31 March 2015; this increase of £8.206m represents an increase in the Councils expenditure being funded from taxation and grant income.

Management Commentary

Cash outflows for Investment Activities have decreased from £10.133m during 2013-14 to £8.227m in 2014-15. Purchase of long term assets increased by £7.513m with this being more than offset by an increase in capital grants and contributions of £4.443m and an in year reduction of £5m in short term investments.

Cash flows from Financing Activities were an outflow of £0.995m during 2013-14 and an inflow of £12.457m during 2014-15, this change of £13.452m relates to £19.883m of temporary borrowing taken during 2014-15, offset by an increase of £8.251m in repayments of long term borrowing. In addition, there was an increase of £1.988m in the cash received in respect of non-domestic rates, which the council collects on behalf of the Scottish Government.

Pension Liability

As noted above the IAS19 valuation of the pension scheme liability has increased from £118.337m at 31 March 2014 to £144.738m at 31 March 2015. This pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Council. The liability relates to benefits earned by existing or previous employees up to 31 March 2015.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received, for example, in ten years' time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money, a discount factor based on corporate bonds is used.

Hymans Robertson (Independent Actuaries) were instructed by Glasgow City Council, the administering authority to the Strathclyde Pension Fund, to undertake calculations in respect of the Local Government Pension Scheme on behalf of Argyll and Bute Council as at 31 March 2015. Their calculations have been carried out in accordance with Guidance Note 36: Accounting for Retirement Benefits under IAS19, issued by the Institute and the Faculty of Actuaries.

Capital Expenditure and Borrowing

Local authority capital expenditure and borrowing is regulated by the Prudential Code, a regime of self-regulation. Under the Prudential Code of Practice the Council must ensure that:

- Capital expenditure plans are affordable;
- Borrowing is sustainable and prudent; and
- Treasury management reflects good professional practice.

The Council approved a set of prudential indicators for 2014-15 and managed capital expenditure and borrowing within these approved limits.

Capital expenditure was incurred across a range of services enhancing the value, useful life or working capacity of the Council's assets. This included investments in schools, offices, other premises and facilities, information technology and roads. Details of capital expenditure are as follows:

	£'m
Gross Capital Expenditure	36.281
Less: Capital Receipts	0.148
Government Grants and Other Contributions	16.438
Revenue Contributions	1.241
Balance Funded from Borrowing	18.454

Management Commentary

The capital financing requirement at 31 March 2015 was £257.556m. This was financed as follows:

	£'m
Long Term Borrowing	131.180
Short Term Borrowing	42.198
Schools NPDO Finance Lease Liability	77.871
Internal Funds	6.307
Total Capital Financing Requirement	257.556

The external borrowing of the Council at 31 March 2015 amounted to £173.378m. The majority of this was financed by the Public Works Loan Board (£100.221m), with the remainder coming mainly from the money market.

During the year the Council completed £20.547m of new external borrowing. This was used to finance capital expenditure incurred during the year. The Council also repaid loans of £8.350m.

PROVISIONS AND CONTINGENT LIABILITIES

The Council has a number of significant balances held as provisions on the balance sheet, including:

- Severance costs - a number of employees have either taken or been offered a redundancy package as part of the Council Modernisation programme. A provision of £0.054m has been created in 2014-15 for the termination benefits for employees who have accepted redundancy but are not planned to leave until after 31 March 2015. Termination costs for all Council employees who have accepted redundancy by 31 March 2015 have been accounted for in 2014-15 or in previous years.
- Equal Pay - the Council has settled most of the remaining outstanding claims. A provision was held for claims where settlement offers were made and a reliable estimate could be made of the liability. There is a provision of £0.077m remaining and there are a few further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.
- Utilities Provision - a total of £0.599m has been provided for to cover the cost of a potential liability in relation to discrepancies in charges for utility costs.
- Restoration and aftercare costs for landfill sites - a provision for landfill sites of £1.477m was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay.

CHANGES IN ACCOUNTING POLICY

There are no changes in accounting policy for the 2014-15 Financial Statements.

GROUP ACCOUNTS

The Group Accounts have been prepared. The opening position of the Group at 1 April 2014 decreased by £14.653m to £167.734m. This movement can mainly be attributed to a reduction in Argyll and Bute Council's single entity reserve position of £13.868m and a decrease in Group and Common Good reserves of £0.785m.

The following statements make up the "Group Accounts" for the Council:

- The Group Movement in Reserves Statement shows the movement in the year of the different reserves the Council holds, along with the movement in the Council's share of the reserves of its associates.

Management Commentary

- The Group Comprehensive Income and Expenditure Statement combines the Income and Expenditure Figures for the Council with the Council's share of the operating results of each associate.
- The Group Balance Sheet brings together all the assets and liabilities of the group, and combines the Council's assets and liabilities with its share of each associate's net assets or liabilities.
- The notes to the Group Accounts give further information on the Council's group accounts.

EVENTS AFTER THE BALANCE SHEET DATE

Events from the Balance Sheet date until the date of signing the Annual Accounts have been taken into consideration. There are no significant post balance sheet events to report.

FUTURE OUTLOOK

The financial outlook for 2015-16 is one of relative financial stability, the future beyond that is more challenging. The Council adopted a 2 year budget for 2014-15 and 2015-16 in February 2014. This set budgetary targets of 1% cashable efficiency savings for each of these financial years. 2015-16 will be a year of more intensive planning to review the resources available to the Council and how they are used to deliver on priorities and objectives over a very challenging medium term.

The Council has agreed an ambitious Single Outcome Agreement (SOA) which has an overall objective of reversing economic and population decline which together with further forecast reductions in public sector funding sets out a very challenging agenda for the period beyond 2016-17. The Council will seek to address these challenges in its service choices review which will inform future budgets; guiding how the Council uses its resources to deliver priorities and objectives.

The outcome of the service choices review, of how the Council uses its resources to deliver on priorities and objectives and also the delivery plans that underpin the SOA will be important in mapping the future financial plans of the Council.

The Council will continue to monitor the financial implications of any emerging new pressures on service delivery e.g. welfare reform, kinship care, extension of free school meals.

The Council is actively preparing for the Scottish Government's policy reform programme in the area of Health and Social Care. A formal integration of health and care services between Argyll and Bute Council and Highland Health Board will occur from 1 April 2016. This will have implications for service users as well as financial and governance implications for both local government and the NHS in Scotland. Argyll and Bute Health and Social Care Partnership will be responsible for commissioning future care services across Argyll and Bute. Budgets for integrated services will be integrated to form a pool of resource which will have the flexibility to be redirected within the Partnership to address service pressures. The Council continues to work closely with the Scottish Government, professional associations and local NHS partners to ensure the new Partnership is well placed to deliver integrated services.

The council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc Tax Incremental Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue. The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Lorn Arc area of Oban. The project is for 25 years, with the first material capital investment incurred during September 2015 the financial year ending 31 March 2016. During the TIF project period, the council is entitled to retain the TIF revenue from its NDR revenue, a pro-rate amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The council is required to apply 100% of the TIF revenue towards repayment of the TIF debt.

Management Commentary

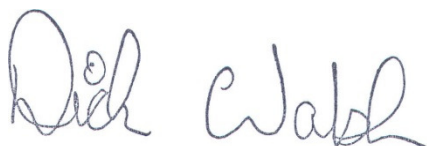
Following repayment in full, and until the end of the project period, the council is entitled to retain 50% of the TIF revenue for further infrastructure investment.

The Council has set a 5 year capital investment plan for the period to 2019-20, summarised in the table below.

	2015-16	2016-17	Future Years
	£m	£m	£m
Total Capital Expenditure	41.394	25.545	51.062
<i>Funded by:</i>			
Borrowing	23.390	7.305	8.193
Capital Grant	14.301	10.250	30.750
Contribution from Smoothing Funds	2.214	-	3.414
Contribution from Revenue Budget	0.286	-	-
Capital Receipts	1.203	7.990	8.705

Capital funding is expected to continue to decline and this will have an increasing impact on the level of capital investment that the Council will be able to afford going forward. This reduction in funding will increase the importance of effective asset management and more innovative funding approaches to ensure that the Council can optimise resources to invest in future services and achieve planned goals.

The Council in common with many other public sector organisations is facing a period of significant financial challenge. However, it moves forward from a sound financial base in terms of reserves and control of expenditure and with clear plans to maintain financial sustainability. The financial position will be monitored on an on-going basis during 2015-16 and the revenue budget and capital plan reviewed for the medium term.



Cllr Dick Walsh
Leader



Sally Loudon
Chief Executive



Steve Barrett
Head of Strategic Finance

25 September 2015

Statement of Responsibilities for the Annual Accounts

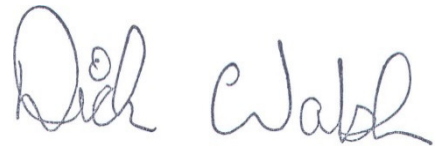
THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

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

I confirm that these Annual Accounts were approved for signature by the Audit Committee at its meeting on 25 September 2015.

Signed on behalf of Argyll and Bute Council:



Councillor Dick Walsh (Leader)

THE HEAD OF STRATEGIC FINANCE'S RESPONSIBILITIES

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

In preparing the Annual Accounts, the Head of Strategic Finance has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation:
- complied with the Local Authority Accounting Code of Practice 2014-15 (in so far as it is compatible with legislation).

The Head of Strategic Finance has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2015.



Steve Barrett
Head of Strategic Finance
25 September 2015

Annual Governance Statement

BACKGROUND

Argyll and Bute Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economic, efficient and effective use of public money.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007).

A copy of the Code may be obtained from the Head of Governance and Law, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT.

THE GOVERNANCE FRAMEWORK

The Code of Corporate Governance details how the Council will demonstrate compliance with the fundamental principles of Corporate Governance for public sector bodies based on the following six headings:

- focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny, and managing risk; ensuring effective counter fraud and anti-corruption arrangements are developed and maintained;
- developing the capacity and capability of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability and incorporating good governance arrangements in respect of partnerships and other joint working.

GOVERNANCE ROLES AND RESPONSIBILITIES

Argyll and Bute Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The Executive Director of Customer Services as Monitoring Officer has responsibility for:

- overseeing the implementation of the Code of Corporate Governance and monitoring its operation; and
- reporting annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each Council Service. Specific responsibilities are assigned to the Head of Strategic Finance to ensure that public funds are properly accounted for.

AUDIT SCOTLAND FOLLOW-UP AUDIT

The Council was the subject of a follow-up audit by the Controller of Audit during 2014-15.

The follow-up audit considered the actions taken by the Council in response to the issues highlighted in the statutory report in 2013-14 and concluded that the Council had responded constructively to the Accounts Commission findings on the 2013-14 statutory report and was making progress with improvement work. It was, however, too early to assess the effectiveness of the actions and plans being implemented.

The original action plan developed in response to the statutory report in 2013-14 consisted of 33 actions, 30 of which have been completed and 3 are on track for completion in line with the timescales set.

In response to the follow up audit in April 2014, and an internal review of the action plan, a further 10 actions were developed and agreed at Council in September 2014. Three of these additional actions have been completed in line with the designated timescales, with all others on track.

In particular, the follow-up audit found that the leadership and political dynamics of the council were more stable, but the situation remained fragile. The risk to the council had been reduced but there were difficult circumstances ahead and tough decisions to be made that will prove challenging to political management and ongoing stability.

The new political management arrangements provide a foundation for improved governance. The council needed to ensure councillors and officers have a shared understanding in practice about the roles and responsibilities as well as effective links within and across the new arrangements to ensure they meet their potential.

Scrutiny still needed to improve and the Council needed the continued commitment and engagement of councillors in the work of the Performance Review and Scrutiny Committee and the Audit Committee, in order to ensure that these Committees continue to make a more effective contribution to governance and accountability. The role of senior management was also crucial.

There has been good attendance and participation of members of the Audit Committee during 2014-15 and considerable progress made in developing effectiveness and participation at the Performance Review and Scrutiny Committee, over the same period, through training/development sessions having taken place, in particular, a joint training session with the Audit Committee. The Chair of the Performance Review and Scrutiny Committee is an independent lay person.

A best value follow up audit is being carried out in 2015 which will assess the extent to which political management arrangements support effective decision making, the effectiveness of the council's scrutiny arrangements and whether roles and relationships, including those between members and officers, facilitate the effective delivery of council business.

Following on from an Internal Audit report on Land and Asset disposal arrangements which offered a limited level of assurance, Audit Scotland have undertaken some targeted work and have invited the Council to complete a Best Value 2 template to demonstrate how Asset Management is discharged within the Council. The template and supporting evidence has been returned and feedback is awaited from Audit Scotland. They have indicated that this exercise is not linked to any other audit work that is currently being conducted within the Council but that the findings may be taken into account when reaching a conclusion on the Best Value 2 Report.

INTERNAL FINANCIAL CONTROL

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by officers within the Council and the above named bodies.

Annual Governance Statement

In particular the system includes:

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

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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

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

RISK MANAGEMENT

The Council's Risk Management and Business Continuity Strategies continued to be developed in 2014-15. The Chief Executive presented an annual report on Audit and Risk Management to the Audit Committee. The Strategic Risk Register was also reviewed and agreed by the Policy and Resources Committee. Operational Risk Registers are reviewed and updated on a regular basis. Results from the annual CIPFA benchmarking exercise highlighted continued improvement with an overall Embedded and Integrated rating.

INTERNAL AUDIT

Argyll and Bute Council and the above named bodies have internal audit functions, which operate to Public Sector Internal Audit Standards (PSIAS). The work of internal audit is informed by an analysis of the risk to which the Council and the above named bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's and the named bodies' Audit Committees endorse the analysis of risk and internal audit plans.

The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity in the Council. The annual report includes an independent opinion on the adequacy and effectiveness of the Council's systems of governance and internal control and concludes that although a number of the areas reviewed provided a limited level of assurance, overall, systems for internal control were satisfactory during 2014-15.

The Chairman and Vice Chairman are independent lay members of the Audit Committee.

Annual Governance Statement

During 2014-15 the Council successfully recruited a permanent Chief Internal Auditor and the service was fully resourced throughout the year. The Internal Audit service also addressed all outstanding Public Sector Internal Audit Standard compliance action points within its development plan during 2014-15.

ISSUES FOR FURTHER DEVELOPMENT

The annual review of governance and internal control for 14-15 has identified the undernoted areas for noting and other areas for further consideration during 2015-16, particularly in the context of continuous improvement within the Council

- During 2014-15 the Council received 1276 FOI requests of which 1189 (93.2%) were responded to within the required timescale. The Council received 26 requests for review (2%).
- Internal Audit presented a number of reports with a limited level of assurance during the year. Management have accepted 100% of recommendations and have a robust follow-up system to track actions arising ensuring timely implementation.
- An action plan is in place to address Audit Scotland's report in relation to the Alcohol and Drugs Partnership and continues to be implemented.
- During 2014-15 to create a new Counter Fraud Investigation Team (CFIT) in order to prevent and detect fraud in relation to the Council Tax Reduction Scheme (CTRS) and to fulfil the residual responsibilities in relation to Single Fraud Investigation Service (SFIS). The proposed CFIT is located within Revenues and Benefits in Customer Services but will work closely with Internal Audit and provide investigative resource for any corporate fraud issues.
- Development of delivery plans for the single outcome agreement (SOA) and ensuring this is reflected in council priorities.
- Local Scrutiny Plan 15-16 take cognisance of issues identified within the 2013-16 Assurance and Improvement Plan (AIP). The plan is based on a shared risk assessment undertaken by the local area network (LAN) and draws on a range of evidence with the aim of determining any scrutiny activity required and focusing this in the most proportionate way. The Council will be subject to a range of risk based and nationally driven scrutiny activity, the risk based scrutiny specifically relates to Audit Scotland Best Value follow up work. All other scrutiny arises from national scrutiny programmes. Ensuring resources and budget are aligned to support council priorities and SOA delivery plans, the service choices programme has been set up to address these issues and identify options and proposals going forward in a period of significantly reduced resources.
- Ongoing development of performance management and improving performance scrutiny.
- Further development of risk management to ensure risk management and business continuity are embedded within the council.
- Ensuring the internal audit function is fully resourced and work is planned to ensure the 2015-16 audit plan is delivered and that further improvements in the development of internal audit are achieved.
- Ensuring we are well placed to address any requirements arising from the implementation of the Community Empowerment Bill.
- Ensuring good governance and scrutiny arrangements are in place in respect our Health and Social Care Partnership.
- The actions being taken by the Council in response to the Audit Scotland Statutory report and follow-up audit continues to improve governance arrangements within the Council.
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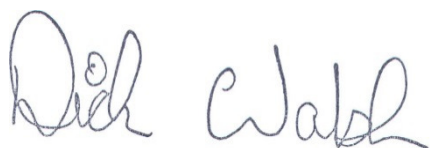
- Any actions brought out by the Audit Scotland assessment of how Asset Management is discharged within the Council will be addressed during 15-16.

ASSURANCE

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

- the work of officers within the Council;
- the work of Internal Audit as described above;
- the work of External Audit;
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts;
- external review and inspection reports; and
- recommendations from the Audit Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2014-15 and that there are no significant weaknesses. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing this statement.

Handwritten signature of Dick Walsh in blue ink.

Cllr Dick Walsh
Leader

Handwritten signature of Sally Loudon in blue ink.

Sally Loudon
Chief Executive

Handwritten signature of Steve Barrett in blue ink.

Steve Barrett
Head of Strategic Finance

25 September 2015

The Remuneration Report

BACKGROUND

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

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No 2007/183), further amended by Regulations 2013 (SSI No 2013/351). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), senior councillors or councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The Regulations also provide for the banding of local authorities – Argyll and Bute is in Band B, the Council has determined the level of remuneration for councillors within that banding. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2014-15 the salary for the Leader of Argyll and Bute Council is £32,960. The Regulations permit the council to remunerate one Civic Head. The Regulations set out the maximum salary that may be paid to that Civic Head. The Council's Civic Head is The Provost and their remuneration is set at £24,720 which is the maximum allowed for Local Authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its senior councillors shall not exceed £0.284m. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay a salary of £23,623 to each appointed spokesperson and the Chair of the Protective Services and Licensing Committee. Chairs of Area Committees without a spokesperson's remit are paid a salary of £19,711.

In 2014-15 Argyll and Bute Council had 14 senior councillors in the administration. The total salary remuneration for senior councillors during 2014-15 was £0.272m. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

Senior Employees

The salary of senior employees is set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority. Circular CO/146 sets the amount of salary for the Chief Executive of Argyll and Bute Council for 2014-15.

The salaries of the Executive Directors and Heads of Service are based on a fixed percentage of the Chief Executive's salary in two bandings. Executive Directors receive 80% of the amount of the Chief Executive's salary and Heads of Service 75% of Executive Director's salary. This equates to Chief Officers Salary Scale Point (SCP) 43 for Executive Directors and (SCP) 29 for Heads of Service.

COUNCILLORS' REMUNERATION

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

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

Members Allowances	2014-15 Actual £'000	2013-14 Actual £'000
Basic Councillor Salaries	351	365
Leader and Provost's Salary	58	59
Senior Councillor Salaries	272	259
Other Expenses and Allowances paid to Members	139	175
Total Allowances	820	858

The annual return of councillors' salaries and expenses for 2014-15 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at <http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors>.

SENIOR COUNCILLORS' REMUNERATION

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

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Len Scoullar	Provost and Lead Councillor for Island Affairs (from 31/10/13)	24,720	114		24,834	9,185
Councillor Dick Walsh	Leader (from 26/9/13), Lead Councillor for Strategic Finance, Improvement, HR and Customer Support (from 31/10/13), Lead Councillor for the Opposition (from 22/5/12 to 26/9/13)	32,960	-	-	32,960	26,680
Councillor Douglas Philand	Depute Provost and Lead Councillor for Adult Care (from 31/10/13), Depute Provost and Area Leader for Mid Argyll, Kintyre and the Islands (from 21/03/13 to 31/10/13)	23,646	-	-	23,646	21,434
Councillor Ellen Morton	Depute Leader (from 26/9/13), Lead Councillor for Roads, Amenity Services, Infrastructure, Asset Management and Special Projects (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor Duncan MacIntyre	Lead Councillor for European Affairs, Sustainable Economic Growth and Strategic Transportation (from 31/10/13)	23,605	-	-	23,605	8,675
Councillor Robin Currie	Lead Councillor for Community & Culture and Strategic Housing (from 31/10/13)	23,631	531	-	24,162	11,532
Councillor Alistair MacDougall	Chair of Oban, Lorn and the Isles Area Committee (from 31/10/13), Lead Councillor for Gaelic (from 28/09/14)	21,539	-	-	21,539	7,232

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Vivien Dance	Lead Councillor for Sustainable Environment, Renewables and Strategic Tourism (from 31/10/13 to 08/01/15)	19,271	-	-	19,271	8,675
Councillor Aileen Morton	Lead Councillor for Education, Lifelong Learning and Strategic IT Services (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor David Kinniburgh	Chair of Planning, Protective Services and Licensing Committee (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor Mary Jean Devon	Lead Councillor for Children and Families (from 22/5/12)	23,662	-	-	23,662	21,519
Councillor Rory Colville	Chair of Mid Argyll, Kintyre and the Islands Area Committee (from 31/10/13)	19,711	-	-	19,711	7,232
Councillor Roddy McCuish	Chair of Oban, Lorn and the Isles Area Committee, Leader and Lead Councillor for European Affairs (from 23/5/13 to 26/9/13), Depute Leader and Lead Councillor for European Affairs (from 14/02/13 to 23/5/13)	6,924	-	-	6,924	17,646
Councillor John Semple	Lead Councillor for Environment, Development and Infrastructure (from 23/8/12 to 26/9/13)	-	-	-	-	13,077
Councillor Donald Kelly	Lead Councillor for Improvement, HR, Customer Support and Facility Services (from 31/10/13), Lead Councillor for Renewables and Tourism (from 23/8/12 to 26/9/13)	-	-	-	-	17,937

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Robert E MacIntyre	Chair of Bute and Cowal Area Committee (from 22/05/12)	19,735	-	-	19,735	19,904
Councillor Gary Mulvaney	Chair of Helensburgh and Lomond Area Committee (from 31/10/13)	19,711	-	-	19,711	7,232
Councillor Isobel Strong	Provost (from 22/05/12 to 31/10/13)	-	-	-	-	15,207
Councillor James Robb	Lead Councillor for Strategic Finance (from 23/5/13 to 26/9/13), Leader and Lead Councillor for Strategic Finance (from 14/02/13 to 23/05/13)	-	-	-	-	14,115
Councillor George Freeman	Lead Councillor for Community, Culture and Strategic Housing (from 21/3/13 to 26/9/13)	-	-	-	-	12,961
Councillor Sandy Taylor	Lead Councillor for Planning and Regulatory Services (from 22/05/12 to 26/9/13)	-	-	-	-	12,844
Councillor Louise Glen-Lee	Lead Councillor for Support and Customer Services (from 21/3/13 to 26/9/13)	-	-	-	-	13,163
Councillor Anne Horn	Lead Councillor for Adult Care (from 22/5/12 to 26/9/13)	-	-	-	-	12,844
Councillor Richard Trail	Lead Councillor for Education and Lifelong Learning (from 21/03/13 to 26/9/13)	-	-	-	-	14,600

The Remuneration Report

EMPLOYEES' REMUNERATION

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

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

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

Range £	2014-15 Number of Officers	2013-14 Number of Officers
£50,000 - £54,999	46	25
£55,000 - £59,999	14	17
£60,000 - £64,999	4	4
£65,000 - £69,999	4	9
£70,000 - £74,999	9	5
£75,000 - £79,999	1	3
£80,000 - £84,999	3	2
£85,000 - £89,999	-	-
£90,000 - £94,999	2	2
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
Total	85	68

The Remuneration Report

SENIOR EMPLOYEES' REMUNERATION

The table below provides details of the remuneration paid to the Council's Senior Employees (defined by the regulations) as those forming part of the Council's senior management team, or holding certain statutory posts and any additional employee whose salary is over £150,000.

In 2014-15 there were no employees earning more than £150,000.

The following table sets out the remuneration disclosures for 2014-15 for senior officers:

Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2014/15 £	Total Remuneration 2013-14 £
Chief Executive - Sally Loudon	121,817	1,766	123,583	116,351
Executive Director of Community Services - Cleland Sneddon	94,743	3,864	98,607	97,316
Executive Director of Customer Services - Douglas Hendry	95,565	435	96,000	94,566
Executive Director of Development and Infrastructure Services - Pippa Milne (from 1-4-14)	92,389	518	92,907	-
Executive Director of Development and Infrastructure Services - Alexander MacTaggart (to 10-11-13) <i>(Full year equivalent)</i>	-	-	-	60,724
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West (to 15-2-15) <i>(Full year equivalent)</i>	65,100 <i>(71,011)</i>	642	65,742 <i>(71,011)</i>	70,288 -
Head of Adult Care (Section 3 Social Work Officer) - James Robb	71,011	-	71,011	69,384
Head of Improvement and HR (Direct Report to Chief Executive during 2013-14) - Jane Fowler	-	-	-	69,384

The Chief Executive's salary of £121,817 in 2014-15 included £6,322 of remuneration for acting as Returning Officer during 2014-15.

During 2014-15, Pippa Milne was appointed to the role of Executive Director of Development and Infrastructure Services (effective 1 April 2014). Also during 2014-15, Bruce West, Head of Strategic Finance and Section 95 Financial Officer left the organisation. During 2013-14, the Improvement and HR function was transferred to Customer Services resulting in Jane Fowler, Head of Improvement and HR no longer reporting directly to the Chief Executive.

Steve Barrett, Interim Head of Strategic Finance from 16 February 2015, is employed by CIPFA Business Ltd. In 2014-15 the Council paid £18,240 to CIPFA Business Ltd in respect of this post.

The Remuneration Report

PENSION BENEFITS

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

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

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members contribution rates for 2014-15 are as follows:

Whole time pay	Contribution Rate 2014-15
On earnings up to and including £20,335	5.50%
On earnings above £20,335 and up to £24,853	7.25%
On earnings above £24,853 and up to £34,096	8.50%
On earnings above £34,096 and up to £45,393	9.50%
On earnings above £45,393	12.00%

If a person works part-time their contribution is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

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

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

The Remuneration Report

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

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

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Councillor Roddy McCuish	3,508	4,581	Pension	3,102	895
			<i>Lump Sum</i>	<i>1,648</i>	<i>172</i>
Councillor James Robb	3,233	4,201	Pension	2,530	300
			<i>Lump Sum</i>	<i>1,464</i>	<i>(27)</i>
Councillor John Semple (See note below)	1,659	3,956	Pension	2,448	-
			<i>Lump Sum</i>	<i>1,526</i>	-
Councillor Sandy Taylor	3,231	3,956	Pension	1,132	299
			<i>Lump Sum</i>	-	-
Councillor Anne Horn	3,231	3,956	Pension	2,358	297
			<i>Lump Sum</i>	<i>1,365</i>	<i>(14)</i>
Councillor Donald Kelly	3,234	4,255	Pension	2,383	298
			<i>Lump Sum</i>	<i>1,379</i>	<i>(16)</i>
Councillor Mary Jean Devon	4,567	4,453	Pension	2,399	404
			<i>Lump Sum</i>	<i>1,389</i>	<i>55</i>
Councillor David Kinniburgh	4,559	3,630	Pension	2,332	403
			<i>Lump Sum</i>	<i>1,350</i>	<i>(228)</i>
Councillor George Freeman	3,231	3,956	Pension	2,879	306
			<i>Lump Sum</i>	<i>1,666</i>	<i>(55)</i>
Councillor Ellen Morton	4,559	3,630	Pension	2,626	407
			<i>Lump Sum</i>	<i>1,520</i>	<i>36</i>
Councillor Rory Colville	3,804	3,352	Pension	2,441	345
			<i>Lump Sum</i>	<i>1,413</i>	<i>11</i>

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Councillor Robin Currie	4,561	3,777	Pension	2,320	406
			Lump Sum	745	23
Councillor Len Scoullar (See note below)	1,328	3,729	Pension	2,502	
			Lump Sum	16,682	
Councillor Richard Trail	3,232	4,022	Pension	872	284
			Lump Sum	-	-
Councillor Aileen Morton	4,559	3,631	Pension	952	398
			Lump Sum	-	
Councillor Gary Mulvaney	3,804	3,352	Pension	2,248	341
			Lump Sum	1,301	26
Councillor Vivien Dance	4,390	3,630	Pension	2,406	390
			Lump Sum	1,393	45

Councillor Len Scoullar retired from the Strathclyde Pension Scheme on 21/06/14, the figures shown above are his actual figures calculated on retiral. His pension of £3,726 was reduced by £1,224 to £2,502; this increased the lump sum of £2,000 by £14,682 to £16,682.

Councillor John Semple resigned as a Councillor on 18/09/14 and as a result left Strathclyde Pension Fund, the figures disclosed are taken from his actual defined benefit calculation.

Councillors Dick Walsh, Douglas Philand, Duncan MacIntyre, Robert E McIntyre and Alistair MacDougall are not members of Strathclyde Pension Fund.

The Remuneration Report

SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

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

Senior Officers	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Chief Executive - Sally Loudon	23,038	22,038	Pension	36,752	3,172
			<i>Lump Sum</i>	74,784	2,583
Executive Director of Community Services - Cleland Sneddon	18,257	18,048	Pension	32,014	1,926
			<i>Lump Sum</i>	67,663	777
Executive Director of Customer Services - Douglas Hendry	18,257	18,099	Pension	41,079	3,664
			<i>Lump Sum</i>	94,857	5,011
Executive Director of Development and Infrastructure Services - Pippa Milne (from 1-4-14)	17,679	-	Pension	35,213	-
			<i>Lump Sum</i>	77,292	-
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West (to 15-2-15)	12,393	13,401	Pension	31,150	2,549
			<i>Lump Sum</i>	72,907	3,690
Head of Adult Care (Section 3 Social Work Officer) - James Robb	13,519	13,363	Pension	27,749	1,473
			<i>Lump Sum</i>	62,234	716

The Remuneration Report

EMPLOYEE EXIT PACKAGES

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

No	2013/14				Exit Package Cost Band	No	2014/15			
	Cash Value			Notional CAY Value			Cash Value			Notional CAY Value
	Compulsory Redundancies	Other Departures	Total Cash Value Cost				Compulsory Redundancies	Other Departures	Total Cash Value Cost	
£	£	£	£	£	£	£	£	£		
21	49,652	123,200	172,852	33,832	£0 - £20,000	13	23,389	28,160	51,549	4,271
4	21,702	88,815	110,517	11,799	£20,001 - £40,000	4	53,068	67,240	120,308	-
5	-	253,888	253,888	22,653	£40,001 - £60,000	3	59,596	109,344	168,940	13,189
2	-	143,210	143,210	18,129	£60,001 - £80,000	-	-	-	-	-
3	88,982	175,428	264,410	36,743	£80,001 - £100,000	2	98,399	84,827	183,226	19,829
-	-	-	-	-	£100,001 - £150,000	2	101,744	122,032	223,776	23,439
-	-	-	-	-	£150,001 - £200,000	-	-	-	-	-
35	160,336	784,541	944,877	123,156		24	336,196	411,603	747,799	60,728

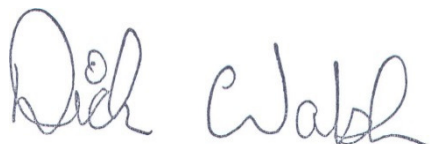
Exit package costs include redundancy payments, pension strain and compensatory lump sum payments for all retirees. The costs should also include the capitalised cost of compensatory added years ("CAY"), which will be payable to the pension fund until the retiree ceases to claim their pension. For employees with pensions provided by the Strathclyde Pension Fund (the provider for all employees other than teachers) the notional cost of added years is noted separately in the table as costs are based on an assessment by the pension's provider of the present value of all future payments to the retiree. These amounts are not based on actual costs but instead use actuarial assumptions on pensioner longevity and other factors and as such will be subject to change and will not reflect the actual costs incurred.

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

The Remuneration Report

The total cost of £0.748m in the previous table includes exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year. These costs include all exit packages agreed by 31 March in each year, this does not necessarily mean that these payments have been made, for example an employee could have subsequently been re-deployed to an alternative post within the Council. The Council's Balance Sheet includes a provision at 31 March 2015 of £0.091m, this represents the amount which has yet to be paid out by the Council, this amount is included within the bands above.

The supplementary Termination Benefits Note 32 on page 91 provides more information on the exit packages agreed in the last two financial years.

A handwritten signature in blue ink that reads 'Dick Walsh'.

Cllr Dick Walsh
Leader

A handwritten signature in blue ink that reads 'Sally Loudon'.

Sally Loudon
Chief Executive

25 September 2015

Statement of Movement in Reserves

Movements in 2014-15	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves £'000
	General Fund Balance £'000	Repairs and Renewals Fund £'000	Capital Funds £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Pensions Reserve £'000	Financial Instrument Adjustment Account £'000	Accumulated Absences Account £'000	Total Unusable Reserves £'000	
Balance at 31 March 2014	(44,041)	(1,025)	(3,460)	(48,526)	(56,113)	(198,230)	118,337	4,889	4,818	(126,299)	(174,825)
(Surplus)/Deficit on Provision of Services	(4,581)			(4,581)						-	(4,581)
Other Comprehensive Income and Expenditure					774		17,675			18,449	18,449
Total Comprehensive Income and Expenditure	(4,581)	-	-	(4,581)	774	-	17,675	-	-	18,449	13,868
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost				-	115	(115)				-	-
Amortisation of Intangible Assets	(108)			(108)		108				108	-
Depreciation of Non-current Assets	(20,938)			(20,938)		20,938				20,938	-
Impairment of Non-current Assets	(4,827)			(4,827)		4,827				4,827	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	16,438			16,438		(16,438)				(16,438)	-
Capital Expenditure Charged to the General Fund	1,241			1,241		(1,241)				(1,241)	-
Net Gain or Loss on Sale of Non-current Assets	142		(430)	(288)		288				288	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	373			373				(373)		(373)	-
Employee Benefits	(272)			(272)					272	272	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(8,726)			(8,726)			8,726			8,726	-

Statement of Movement in Reserves

Statutory Repayment of Debt - Loans Fund Advances	17,843			17,843		(17,843)				(17,843)	-
Statutory Repayment of Debt - NPDO Finance	1,734			1,734		(1,734)				(1,734)	-
Total Statutory Adjustments	2,900	-	(430)	2,470	115	(11,210)	8,726	(373)	272	(2,470)	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(1,681)	-	(430)	(2,111)	889	(11,210)	26,401	(373)	272	15,979	13,868
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	(345)	356	148	159		(159)				(159)	-
(Increase)/Decrease in Year	(2,026)	356	(282)	(1,952)	889	(11,369)	26,401	(373)	272	15,820	13,868
Balance at 31 March 2015 Carried Forward	(46,067)	(669)	(3,742)	(50,478)	(55,224)	(209,599)	144,738	4,516	5,090	(110,479)	(160,957)

This Statement shows the movement in the 2014-15 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Movement in Reserves

Comparative Movements in 2013-14	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves £'000
	General Fund Balance £'000	Repairs and Renewals Fund £'000	Capital Funds £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Pensions Reserve £'000	Financial Instrument Adjustment Account £'000	Accumulated Absences Account £'000	Total Unusable Reserves £'000	
Balance at 31 March 2013	(46,138)	(850)	(3,316)	(50,304)	(55,061)	(185,215)	99,864	5,262	4,712	(130,438)	(180,742)
(Surplus)/Deficit on Provision of Services	(1,694)			(1,694)						-	(1,694)
Other Comprehensive Expenditure and Income					(4,387)		11,998			7,611	7,611
Total Comprehensive Expenditure and Income	(1,694)	-	-	(1,694)	(4,387)	-	11,998	-	-	7,611	5,917
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost.				-	3,335	(3,335)				-	-
Amortisation of Intangible Assets	(106)			(106)		106				106	-
Depreciation and of Non-current Assets	(20,996)			(20,996)		20,996				20,996	-
Impairment of Non-current Assets	(3,409)			(3,409)		3,409				3,409	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure	10,998			10,998		(10,998)				(10,998)	-
Capital Expenditure Charged to the General Fund	3,910			3,910		(3,910)				(3,910)	-
Net Gain or Loss on Sale of Non-current Assets	(26)		(454)	(480)		480				480	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	373			373				(373)		(373)	-
Employee Benefits	(106)			(106)					106	106	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(6,475)			(6,475)			6,475			6,475	-

Statement of Movement in Reserves

Statutory Repayment of Debt - Loans Fund Advances	17,875			17,875		(17,875)				(17,875)	-
Statutory Repayment of Debt - Finance Leases	19			19		(19)				(19)	-
Statutory Repayment of Debt - NPDO Finance	1,547			1,547		(1,547)				(1,547)	-
Total Statutory Adjustments	3,604	-	(454)	3,150	3,335	(12,693)	6,475	(373)	106	(3,150)	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	1,910	-	(454)	1,456	(1,052)	(12,693)	18,473	(373)	106	4,461	5,917
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	187	(175)	310	322		(322)				(322)	-
(Increase)/Decrease in Year	2,097	(175)	(144)	1,778	(1,052)	(13,015)	18,473	(373)	106	4,139	5,917
Balance at 31 March 2014 Carried Forward	(44,041)	(1,025)	(3,460)	(48,526)	(56,113)	(198,230)	118,337	4,889	4,818	(126,299)	(174,825)

This Statement shows the movement in the 2013-14 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Comprehensive Income and Expenditure

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

2013-14			Note	2014-15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Service			
108,526	6,885	101,641	Education Services	111,565	6,921	104,644
36,753	28,042	8,711	Housing Services (Non-HRA)	34,810	28,601	6,209
13,360	2,345	11,015	Cultural and Related Services	12,676	2,263	10,413
23,222	4,221	19,001	Environmental Services	26,022	4,281	21,741
24,214	6,321	17,893	Roads and Transport Services	25,517	6,980	18,537
7,552	4,477	3,075	Trading Services	7,903	4,852	3,051
10,816	5,554	5,262	Planning and Development Services	10,735	5,660	5,075
70,096	10,698	59,398	Social Work	72,584	10,645	61,939
			Central Services:			
4,353	125	4,228	- Corporate and Democratic Core	4,537	95	4,442
1,850	2	1,848	- Non Distributed Costs	1,758	-	1,758
2,912	1,300	1,612	- Central Services to the Public	2,859	1,280	1,579
303,654	69,970	233,684	Net Cost of Services	310,966	71,578	239,388

Statement of Comprehensive Income and Expenditure

		Other Operating Income and Expenditure:	
	26	Net (Gain)/loss on Disposal of Long Term Assets	(142)
	(3)	(Surplus)/deficit on trading undertakings	-
	1,048	Other Operating Income and Expenditure	7
	1,071	Total Other Operating Income and Expenditure	874
		Financing and Investment Income and Expenditure:	
	18,107	Interest Payable and Similar charges	18,116
	(634)	Interest and Investment Income	(2,432)
	4,537	Net Pension Interest Expense	5,161
	22,010	Total Financing and Investment Income and Expenditure	20,845
		Taxation and Non-Specific Grant Income:	
	(176,904)	General Government Grants	(174,877)
	(10,997)	Government Capital Grants and Other Capital Contributions	12
	(28,492)	Non-domestic Rates Redistribution	(31,002)
	(42,066)	Council Tax Income	(43,371)
	(258,459)	Total Taxation and Non-Specific Grant Income	(265,688)
	(1,694)	(Surplus)/Deficit on Provision of Services	(4,581)
	(4,387)	(Surplus)/Deficit on revaluation of Long Term Assets	774
	11,998	Other Post Employment Benefits (Pensions)	28.2
	7,611	Other Comprehensive Income and Expenditure	18,449
	5,917	Total Comprehensive Income and Expenditure	13,868

Balance Sheet



31 March 2014		Note	31 March 2015	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment	14	
290,414		- Other Land and Buildings		281,317
10,674		- Vehicles, Plant, Furniture and Equipment		11,088
169,555		- Infrastructure Assets		183,985
1,669		- Community Assets		1,669
4,581		- Surplus Assets		3,992
25,591		- Assets Under Construction		30,223
	502,484	Total Property Plant & Equipment		512,274
	1,371	Heritage Assets	15	1,371
	351	Intangible Assets	16	647
	6,281	Investment Property	17	7,919
	4,011	Long-Term Debtors	20	4,849
	514,498	Total Long Term Assets		527,060
		Current Assets		
390		Inventories		334
16,034		Short Term Debtors (Net of Impairment)	21	16,914
153		Assets Held for Sale	22	25
35,000		Short Term Investments		30,000
6,075		Cash and Cash Equivalents	23	23,846
	57,652	Total Current Assets		71,119
		Current Liabilities		
(11,442)		Short-term Borrowing	25	(33,729)
(32,982)		Short-term Creditors	24	(35,577)
(165)		Capital Grant Receipts in Advance		(146)
(2,423)		Provisions	27	(1,410)
(1,734)		Other Short Term Liabilities	26	(1,878)
	(48,746)	Total Current Liabilities		(72,740)
		Long-term Liabilities		
(151,520)		Borrowing Repayable within a Period in Excess of 12 Months	25	(141,435)
(78,621)		Other Long-term liabilities	26	(76,743)
(101)		Provisions	27	(1,566)
(118,337)		Other Long-term liabilities (Pensions)	28	(144,738)
	(348,579)	Total Long-term Liabilities		(364,482)
	174,825	Total Assets less Liabilities		160,957

Balance Sheet



31 March 2014		Note	31 March 2015	
£'000	£'000		£'000	£'000
		Unusable Reserves		
56,113		- Revaluation Reserve	55,224	
198,230		- Capital Adjustment Account	209,599	
(4,889)		- Financial Instruments Adjustment Account	(4,516)	
(118,337)		- Pensions Reserve	(144,738)	
(4,818)		- Accumulated Absences Account	(5,090)	
	126,299			110,479
		Usable Reserves		
3,460		- Capital Funds	3,742	
1,025		- Repairs and Renewals Funds	669	
44,041		- General Fund Balance	46,067	
	48,526			50,478
	174,825	Total Reserves		160,957

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

- The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

The Annual Accounts were issued on 25 June 2015 and the audited Annual Accounts were authorised for issue on 25 September 2015.

Steve Barrett
Head of Strategic Finance
25 September 2015

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2013-14 £'000		Note	2014-15 £'000
(1,694)	Net (Surplus) or Deficit on the Provision of Services		(4,581)
(12,655)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(17,220)
9,014	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		8,260
(5,335)	Net Cash Flows from Operating Activities	35	(13,541)
10,133	Investing Activities	36	8,227
995	Financing Activities	37	(12,457)
5,793	Net Increase or Decrease in Cash and Cash Equivalents		(17,771)
(11,868)	Cash and Cash Equivalents at the beginning of the Reporting Period		(6,075)
(6,075)	Cash and Cash Equivalents at the end of the Reporting Period	23	(23,846)

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2014-15 financial year and its position at the year-end of 31 March 2015. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014 and, so far as compatible with these regulations, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 and the Service Reporting Code of Practice for Local Authorities 2014-15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Notes to the Financial Statements

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. These transactions are reversed out through the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term benefits, such as wages and salaries, paid annual and sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.6.3 Post-Employment Benefits

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

a) Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Notes to the Financial Statements

b) Local Government Pension Scheme

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This pension scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on a “high quality corporate bond of equivalent term and currency to the liability” (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years)).
- The assets of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pension’s liability is analysed into the following components:
 - Current service cost – the increase in liabilities as a result of years’ service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expenses for the Council – The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
 - Re-measurements comprising
 - The return on plan assets – Excluding amounts included in the net interest on the net defined benefit liability (asset), charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve
 - Contributions paid to the Strathclyde Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Notes to the Financial Statements

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council's Pension Fund in the year. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

1.6.4 Post Employment Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – The Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material impact disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.8 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of the restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge

Notes to the Financial Statements

required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable to revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

1.10 Heritage Assets

The main heritage assets held by the Council are two art collections and a historic jail and courthouse which is operated as a "living" museum. The "Argyll Collection" is an art collection which was set up to provide the young people of Argyll and Bute with direct access to a wide range of quality art recognising that they had limited access to museums and galleries. In addition the Council holds other works of art which are held at various libraries and the Campbeltown Museum. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's main heritage assets are accounted for as follows:

The Art Collections

The collections cover a range of media including acrylic, charcoal, embroidery, engraving, etching, gouache, lithography, oil, pastel, pencil, procion dye, screenprint, monoprint, watercolour, woodcut, ceramic, bronze and woodcarving. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations are updated periodically. The assets within the art collections are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

Inveraray Jail and Courthouse and "Other" Historic Buildings

The building is owned by Argyll and Bute Council and leased out to an organisation which runs it as a "living museum". The building is valued in accordance with its property, plant and equipment policy. Other buildings included in this category are McCaig's Folly in Oban and Castle Lodge in Dunoon.

Notes to the Financial Statements

Archaeology and “Other” Museum Exhibits

The Council does not consider that reliable cost or valuation information can be obtained for archaeological items and “other” museum exhibits outwith the art collections. This is because of the diverse nature of the assets held and lack of comparable values. Consequently, the Council does not recognise these assets on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council’s general policies on impairment (see note 1.18.3 in this summary of significant accounting policies). The proceeds of any disposals are accounted for in accordance with the Council’s general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory requirements relating to capital expenditure and receipts (see note 1.18.4 in this summary of significant accounting policies).

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council’s goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.12 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates or joint ventures and requires to prepare Group Accounts. In the Council’s own single entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

1.13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

1.14 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length.

Notes to the Financial Statements

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1.15.1 The Council as Lessee

a) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

b) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Notes to the Financial Statements

1.15.2 The Council as Lessor

a) Finance Leases

Where the Council grants a finance lease over a property or an item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt on disposal of the asset is used to write down the debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

b) Operating Leases

Where the Authority grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, with the exception of rental income from Investment Property which is credited to Interest and Investment Income. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013-14 – Scotland (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional democratic organisation; and
- Non Distributed costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Notes to the Financial Statements

1.17 Assets Held for Sale

Property, land and buildings are classified as *Assets Held for Sale* when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant and Equipment* will be reclassified as *Assets Held for Sale*.

1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others or for administrative purposes that are expected to be used during more than one financial year are classified as *Property, Plant and Equipment*.

1.18.1 Recognition

Expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

1.18.2 Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets and community assets – depreciated historical cost
- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

Notes to the Financial Statements

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Assets included in the balance sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.18.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.18.4 Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an *Asset Held for Sale*. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as *Assets Held for Sale*.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal receipts are categorised as capital receipts. All capital receipts are credited to the Capital Fund, and can then only be used for new capital investment or set aside to reduce the Council's

Notes to the Financial Statements

underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the costs of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.18.5 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.19 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the fixed assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the fixed assets used under the contracts on the balance sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Fixed assets recognised on the Balance Sheet are re-valued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year, debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Annual Finance Cost – this is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, this is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.20 Provisions, Contingent Liabilities and Contingent Assets

1.20.1 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and

Notes to the Financial Statements

a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

1.20.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.20.3 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.21 Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies above and Note 29 to the accounts.

1.22 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable.

1.23 ACCOUNTING FOR THE CARBON REDUCTION COMMITMENT SCHEME

The council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of

allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2015 for 2015/16).

For this disclosure the standards introduced by the 2015/16 Code include:

- IFRS 13 *Fair Value Measurement*
- *Annual Improvements to IFRSs 2011-2013 Cycle*
- IFRIC 21 *Levies*

It is anticipated that the above standards will not have a material impact on the financial statements of the council.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below:

Government Funding: There is a high degree of uncertainty about future levels of funding for local government. However, the Council had determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Service Concessions: The Council currently operates two Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets “on balance sheet” along with a finance lease liability.

The Council also operates a Waste Management PPP contract. In this case the Council determined that a “qualifying asset” had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be “off balance sheet” and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.

Holiday Pay Accrual: Unused holiday entitlement earned at 31 March 2015 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2014-15 financial statements in respect of the holiday pay accrual is £5.090m.

Notes to the Financial Statements

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions															
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.3m for every year that useful lives had to be reduced.</p>															
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:</p> <table border="1" data-bbox="1223 895 2130 1406"> <thead> <tr> <th data-bbox="1223 895 1641 1066">Sensitivities at 31 March 2015</th> <th data-bbox="1641 895 1906 1066">Approximate % Increase to Employer Obligation</th> <th data-bbox="1906 895 2130 1066">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1223 1066 1641 1150">0.5% decrease in real discount rate</td> <td data-bbox="1641 1066 1906 1150">11%</td> <td data-bbox="1906 1066 2130 1150">74,275</td> </tr> <tr> <td data-bbox="1223 1150 1641 1235">1 year increase in member life expectancy</td> <td data-bbox="1641 1150 1906 1235">3%</td> <td data-bbox="1906 1150 2130 1235">19,232</td> </tr> <tr> <td data-bbox="1223 1235 1641 1319">0.5% increase in salary increase rate</td> <td data-bbox="1641 1235 1906 1319">5%</td> <td data-bbox="1906 1235 2130 1319">32,739</td> </tr> <tr> <td data-bbox="1223 1319 1641 1406">0.5% increase in pension increase rate</td> <td data-bbox="1641 1319 1906 1406">8%</td> <td data-bbox="1906 1319 2130 1406">50,767</td> </tr> </tbody> </table>	Sensitivities at 31 March 2015	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000	0.5% decrease in real discount rate	11%	74,275	1 year increase in member life expectancy	3%	19,232	0.5% increase in salary increase rate	5%	32,739	0.5% increase in pension increase rate	8%	50,767
Sensitivities at 31 March 2015	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000															
0.5% decrease in real discount rate	11%	74,275															
1 year increase in member life expectancy	3%	19,232															
0.5% increase in salary increase rate	5%	32,739															
0.5% increase in pension increase rate	8%	50,767															

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2015, the Council had a balance of sundry debtors of £2.478m. A review of significant balances suggested an allowance of 27.8% (£0.690m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate an increase of the allowance by 10% would increase the bad debt provision required by £0.247m.

5. TRANSFERS TO/FROM EARMARKED RESERVES

The Council has ring-fenced £30.193m of the balance on the General Fund as follows:

Ring-fenced Balances	Balance 1 April 2014 £'000	Funds Used £'000	Contributions to Funds £'000	Balance 31 March 2015 £'000
Revenue from Additional Council Tax on Second Homes (Strategic Housing Fund)	7,484	(1,738)	1,926	7,672
Unspent Grants	979	(471)	293	801
Contributions Carried Forward	255	(59)	7	203
Unspent Budget Carried Forward	7,298	(3,222)	3,963	8,039
School Budget Carry Forwards	887	(887)	737	737
Unspent Budget Required for Existing Legal Commitments	196	(51)		145
CHORD	420	(324)		96
Revenue Contribution to Capital (Dunoon and Campbeltown Schools)	3,000			3,000
Investment in Affordable Housing	9,500			9,500
Severance Costs	27	(27)		-
Reserve Committed for 2014-15 Budget	326	(326)		-
Total Ring-fenced	30,372	(7,105)	6,926	30,193
Unallocated	13,669		2,205	15,874
Total General Fund Balance	44,041	(7,105)	9,131	46,067

The unallocated balance of £15.874m is 6.5% of the Council's budgeted net expenditure for 2015-16.

6. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council’s Strategic Management Team on the basis of budgets analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows, (payment of employer’s pensions contributions) rather than current service cost of benefits accrued in the year
- Certain costs are deemed to be out with departmental control and are therefore reported separately to management, for example insurances across the Council.

6.1 Departmental Information for the year ended 31 March 2015

The income and expenditure of the Council’s principal departments recorded in the budget reports for the 2014-15 year is as follows:

Departmental Income and Expenditure 2014-15	Community Services £'000	Development and Infrastructure Services £'000	Customer Services £'000	Chief Executive's Unit £'000	Total £'000
Fees, Charges and Other Service Income	(18,919)	(39,146)	(41,908)	(152)	(100,125)
Government Grants	(1,959)	(510)	(548)	(3)	(3,020)
Total Income	(20,878)	(39,656)	(42,456)	(155)	(103,145)
Employee Expenses	87,094	21,567	15,717	5,510	129,888
Other Operating Expenses	71,052	50,811	60,223	640	182,726
Total Operating Expenses	158,146	72,378	75,940	6,150	312,614
Net Cost of Services	137,268	32,722	33,484	5,995	209,469

Departmental Income and Expenditure 2013-14 Comparative Figures	Community Services £'000	Development and Infrastructure Services £'000	Customer Services £'000	Chief Executive's Unit £'000	Total £'000
Fees, Charges and Other Service Income	(18,209)	(38,752)	(42,649)	(178)	(99,788)
Government Grants	(2,227)	-	(789)	-	(3,016)
Total Income	(20,436)	(38,752)	(43,438)	(178)	(102,804)
Employee Expenses	85,113	22,116	16,775	3,834	127,838
Other Operating Expenses	73,687	52,698	59,566	511	186,462
Total Operating Expenses	158,800	74,814	76,341	4,345	314,300
Net Cost of Services	138,364	36,062	32,903	4,167	211,496

6.2 Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

The reconciliation below shows how the figures in the analysis of departmental income and expenditure relate to the total Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	2014-15 £'000	2013-14 £'000
Cost of Services in Service Analysis	209,469	211,496
Add Services not included in Main Analysis	4,790	4,358
Add Amounts not Reported to Management	26,336	18,691
Remove Amounts Reported to Management not Included in Comprehensive Income and Expenditure Statement	(1,207)	(861)
Net Cost of Services in Comprehensive Income and Expenditure Statement	239,388	233,684

6.3 Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014-15	Service Analysis £'000	Services not in Analysis £'000	Not Reported to Management £'000	Not Included in I&E £'000	Total Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	(100,090)	(109)	-	157	(100,042)		(100,042)
Surplus or Deficit on Associated and Joint Ventures	-	-	-	-	-		-
Interest and Investment Income	(35)	-	-	35	-	(2,432)	(2,432)
Income from Council Tax	-	-	-	-	-	(43,371)	(43,371)
Government Grants and Contributions	(3,020)	-	-	-	(3,020)	(222,317)	(225,337)
Total Income	(103,145)	(109)	-	192	(103,062)	(268,120)	(371,182)
Employee Expenses	129,888	2,183	6,092	(52)	138,111		138,111
Other Service Expenses	182,726	1,369	3,882	(60)	187,917	(271)	187,646
Depreciation, Amortisation and Impairment	-	-	16,362	-	16,362	-	16,362
Interest Payments, Net Pension Interest Expense	-	-	-	-	-	23,277	23,277
Precepts, Levies and Requisitions	-	1,347	-	(1,287)	60	1,287	1,347
Gain or Loss on Disposal of Assets	-	-	-	-	-	(142)	(142)
Total Operating Expenses	312,614	4,899	26,336	(1,399)	342,450	24,151	366,601
Surplus or Deficit on the Provision of Services	209,469	4,790	26,336	(1,207)	239,388	(243,969)	(4,581)

2013-14 Comparative Figures	Service Analysis £'000	Services not in Analysis £'000	Not Reported to Management £'000	Not Included in I&E £'000	Total Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	(99,788)	(146)	-	612	(99,322)	(577)	(99,899)
Surplus or Deficit on Associated and Joint Ventures	-	-	-	-	-	-	-
Interest and Investment Income	-	-	-	-	-	(634)	(634)
Income from Council Tax	-	-	-	-	-	(42,066)	(42,066)
Government Grants and Contributions	(3,016)	-	-	-	(3,016)	(216,393)	(219,409)
Total Income	(102,804)	(146)	-	612	(102,338)	(259,670)	(362,008)
Employee Expenses	127,838	1,964	4,321	(320)	133,803	350	134,153
Other Service Expenses	186,462	1,334	3,564	(12)	191,348	131	191,479
Depreciation, Amortisation and Impairment	-	-	10,806	-	10,806	-	10,806
Interest Payments, Net Pension Interest Expense	-	-	-	-	-	22,644	22,644
Precepts, Levies and Requisitions	-	1,206	-	(1,141)	65	1,141	1,206
Gain or Loss on Disposal of Assets	-	-	-	-	-	26	26
Total Operating Expenses	314,300	4,504	18,691	(1,473)	336,022	24,292	360,314
Surplus or Deficit on the Provision of Services	211,496	4,358	18,691	(861)	233,684	(235,378)	(1,694)

Notes to the Financial Statements

7. OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.016m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure consists mainly of the requisition paid to Dunbartonshire and Argyll & Bute Joint Valuation Board of £1.281m offset by a write back of the equal pay provision of £0.218m and £0.047m of backdated VAT income received as a result of claims being made under the "Fleming" case law principle.

8. AGENCY INCOME

The Council have an on-going agency agreement with Scottish Water to collect domestic water and sewerage charges. During 2014-15 income from this agreement amounted to £0.318m.

Agency Income	2014-15 Actual £'000	2013-14 Actual £'000
Scottish Water	318	265
Total	318	265

The Council also acts as agent for the Scottish Government in the collection of non-domestic rate income. Further information on the collection of non-domestic rate income can be found on pages 97 to 98

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

During 2014-15, under the Community Care and Health (Scotland) Act 2002, the Council continued to develop services which centred on joint working with the Argyll & Bute Community Health Partnership (CHP) and NHS Highland within the Argyll and Bute Health and Social Care Partnership.

The aspiration of the CHP is to work together to fully integrate the delivery of health and social care services, focusing on achieving good outcomes for all those who use our services and have an efficient, cost effective and seamless delivery of service.

During 2014-15 the Partnership included provision of services to older people, supporting people with a learning disability and provision of support to adults who have a mental health difficulty.

Budgets are currently aligned which means that each Partner organisation holds their own element of the budget and records the income and expenditure that relates to the part of the service for which they are responsible.

During 2014-15 income received by the Council from this source amounted to £5.819 and the related expenditure was £7.517. This can be analysed as follows:

Purpose of Services	Income £'000	Expenditure £'000
Care of the Elderly	2,333	3,463
Provision of Services for People with Learning Disabilities	2,369	2,900
Provision of Services for People with Mental Health Needs	1,117	1,154
Total	5,819	7,517

10. WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

The Council has entered into a Public Private Partnership for the provision of its waste disposal service. This agreement requires the provider to upgrade or replace three waste disposal sites, two transfer stations and five civic amenity sites. In addition, the provider will also provide composting facilities to meet waste diversion targets. When the agreement ends in September 2026 the provider will hand back to the Council the waste disposal facilities with a life of 5 years.

Notes to the Financial Statements

The Council has paid a service charge of £4.954m (2013-14 £5.283m) which represents the value of the service provided from 1 April 2014 to 31 March 2015. Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2015 - 2016	5,485
2017 - 2020	23,648
2020 - 2025	32,460
2025 - 2027	9,444
Total	71,037

This equates to £5.328m per annum over the life of the contract.

11. FEES PAYABLE TO AUDIT SCOTLAND

In 2014-15 the following fees relating to external audit and inspection were incurred:

Auditor's Remuneration	2014-15 £'000	2013-14 £'000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed Auditor	285	277
Total Remuneration	285	277

The fee for 2014-15 includes £3,300 for the audit of the Council's charitable trusts.

12. GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2014-15:

Grant Income	2014-15 £'000	2013-14 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	174,877	176,904
Non Domestic Rates	31,002	28,492
Specific Capital Grant	140	77
General Capital Grant	13,948	8,532
European Regional Development Fund (ERDF)	716	1,592
SUSTRANS	864	171
Other Grants	744	545
Other Government Capital Grants	26	80
Total	222,317	216,393
Credited to Services		
Scottish Government Specific Grants	373	472
General Capital Grant - Private Sector Housing Improvement Grants	1,516	1,362
Housing Benefit Subsidy	23,619	23,424
Other Revenue Government Grants	1,196	1,713
Total	26,704	26,971

Notes to the Financial Statements

13. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The aim of the Financial Reporting Standard dealing with Related Parties is to highlight instances where influence and control has been exercised over an external organisation by the Council, and where an elected member, their close family or someone in their household, has the ability to exercise the influence or control. Elected members and Senior Officers have completed a signed declaration on Related Party Interests and these have been used to compile this disclosure.

13.1 Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6 on reporting for resource allocation decisions and also in Note 12 – Grant Income.

13.2 Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2014-15 is shown in the Remuneration Report on page 20.

During the year there were two organisations in which members had a significant interest and where the total of transactions exceeded £10,000.

Transactions in which Members have a significant interest	Expenditure £'000
South Kintyre Development Trust	68
MacDougall's Garage	34

Notes to the Financial Statements

13.3 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Authority.

During the year transactions with other related bodies were as follows:

Related Bodies	Expenditure £'000
Transactions with related bodies during the year totalled	1,585
<i>Of these, transactions with the following exceeded £10,000:</i>	
Visit Scotland	109
Scotland Excel	66
Convention of Scottish Local Authorities (COSLA)	61
Cowal Council on Alcohol and Drugs	36
Helensburgh Addiction Rehabilitation Team	66
Islay and Jura Community Enterprise	90
Kintyre Alcohol and Drugs Advisory Service	24
Argyll and Bute Citizens Advice Bureaux	58
Mid Argyll Community Enterprise	73
Kintyre Recycling	182
Fyne Futures	171
RE-JIG (Recycling)	22
SEEMIS	70
Oban Addiction Support and Information Services (OASIS)	36
Oban and Lorn Community Enterprise - Atlantis Leisure	453
Encompass Counselling and Support	61
Total	1,578

Given the relationships the Council has with other organisations and partners it is possible that some related party transactions may exist. However, the purpose of the requirement to complete the disclosure is to provide additional information to the users of the Annual Accounts and, by declaring possible instances, there is no suggestion that any inappropriate transactions have taken place.

Notes to the Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movement in Property, Plant and Equipment

Movements in 2014-15	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2014-15 £'000
Cost or Valuation							
At 1 April 2014	312,151	26,390	225,473	1,671	4,756	25,591	596,032
Additions	6,686	3,778	6,292	-	39	19,867	36,662
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,655)	-	-	-	(172)	-	(15,827)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,341)	-	-	-	(224)	-	(6,565)
Derecognition - Disposals	-	(1,576)	-	-	(156)	-	(1,732)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	(15)	-	(15)
Other movements in cost or valuation	3,042	232	13,425	-	-	(15,235)	1,464
At 31 March 2015	299,883	28,824	245,190	1,671	4,228	30,223	610,019
Depreciation and Impairments							
At 1 April 2014	(21,737)	(15,716)	(55,918)	(2)	(175)	-	(93,548)
Depreciation Charge for 2014-15	(11,928)	(3,588)	(5,287)	-	(133)	-	(20,936)
Depreciation written out to the Revaluation Reserve	15,009	-	-	-	9	-	15,018
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	90	-	-	-	36	-	126
Derecognition - Disposals	-	1,568	-	-	24	-	1,592
Other movements in depreciation and impairment	-	-	-	-	3	-	3
At 31 March 2015	(18,566)	(17,736)	(61,205)	(2)	(236)	-	(97,745)
Balance Sheet amount at 1 April 2015	281,317	11,088	183,985	1,669	3,992	30,223	512,274
Balance Sheet amount at 1 April 2014	290,414	10,674	169,555	1,669	4,581	25,591	502,484

Comparative Movements in 2013-14	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2013-14 £'000
Cost or Valuation							
At 1 April 2013	314,281	22,191	214,710	1,468	3,656	17,400	573,706
Additions	7,803	4,165	9,882	203	-	10,331	32,384
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,334)	-	-	-	224	-	(4,110)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,459)	-	-	-	(224)	-	(5,683)
Derecognition - Disposals	(527)	(728)	-	-	(75)	-	(1,330)
Assets reclassified (to)/from Held for Sale	(110)	-	-	-	1,175	-	1,065
Other movements in cost or valuation	497	762	881	-	-	(2,140)	-
At 31 March 2014	312,151	26,390	225,473	1,671	4,756	25,591	596,032
Depreciation and Impairments							
At 1 April 2013	(20,435)	(13,369)	(50,888)	(2)	(146)	-	(84,840)
Depreciation Charge for 2013-14	(12,801)	(3,071)	(5,030)	-	(94)	-	(20,996)
Depreciation written out to the Revaluation Reserve	8,529	-	-	-	12	-	8,541
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	2,802	-	-	-	25	-	2,827
Derecognition - Disposals	150	724	-	-	-	-	874
Other movements in depreciation and impairment	18	-	-	-	28	-	46
At 31 March 2014	(21,737)	(15,716)	(55,918)	(2)	(175)	-	(93,548)
Balance Sheet amount at 1 April 2014	290,414	10,674	169,555	1,669	4,581	25,591	502,484
Balance Sheet amount at 1 April 2013	293,846	8,822	163,822	1,466	3,510	17,400	488,866

Notes to the Financial Statements

14.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for fair value
- All other classes of assets are valued at fair value. Where there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold then an estimate of fair value is made using a depreciated replacement cost approach.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. This includes Other Land and Buildings and Surplus Assets.

Revaluations of council owned Land and Property were carried out at 31 March 2015 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out by external valuers, BNP Paribas Real Estate. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment:

Valued at Fair Value as at:	Other Land & Buildings £'000	Corporate Surplus Assets £'000
31 March 2015	70,417	2,127
31 March 2014	45,562	984
31 March 2013	123,450	172
31 March 2012	12,163	439
31 March 2011	29,725	270
Total Cost or Valuation	281,317	3,992

Notes to the Financial Statements

14.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer (20 to 50 years)
- Infrastructure – straight-line allocation over 40 years
- Vehicles, Plant and Equipment - straight-line allocation over the useful life of the asset as determined by a suitably qualified officer (3 to 20 years)
- Vessels – straight line allocation over 25 years

14.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2014-15 total spending on capital projects was £38.529m.

	2014-15 £'000	2013-14 £'000
Opening Capital Financing Requirement	256,463	258,398
Capital Investment:		
Property Plant and Equipment:		
Other Land and Buildings	8,163	7,803
Vehicles, Plant, Furniture and Equipment	3,778	4,165
Infrastructure Assets	6,292	9,882
Community Assets	-	203
Surplus Assets	39	-
Assets Under construction	19,867	10,331
Heritage Assets	-	47
Intangible Assets	390	254
Total Capital Investment	38,529	32,685
Sources of Finance:		
Capital Receipts	(430)	(454)
Government Grants	(16,438)	(10,998)
Capital Financed from Current Revenue	(1,241)	(3,910)
Repayment of External Loans	(17,843)	(17,875)
Capital Element of Finance Lease Payments	-	(19)
Capital Element of Schools NPDO Payments	(1,734)	(1,547)
Capital Receipts transferred to Capital Fund	430	454
Capital Receipts Used from Capital Fund	(148)	(310)
Other	(32)	39
Total Funding	(37,436)	(34,620)
Closing Capital Financing Requirement	257,556	256,463

Notes to the Financial Statements

14.5 Commitments under Capital Contracts

At 31 March 2015, the Council had commitments on capital contracts of £12.201m. This expenditure will be funded from a combination of government grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2014 were £12.588m. The major commitments are:

	£'000
Dunoon Wooden Pier	2,659
Helensburgh Office Project	1,746
Dunoon CHORD	1,464
Campbeltown Berthing Facility	1,423
School Building Improvements (Various Locations)	1,378
Rothesay Pavilion	515
A83 South of Musdale (Contribution to Road Widening)	500
Vehicle Purchases	475
Helensburgh CHORD	353
Kilmory - Biomass	156
Corran Halls	102
Kilarrow House	101

15. HERITAGE ASSETS

The main heritage assets held by the Council are two art collections and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the balance sheet. Further details on the council's heritage assets policy can be found in note 1.10 on page 45.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2014-15	Art Collections	Heritage Property	Total
	£'000	£'000	£'000
Cost or Valuation			
Net Book Value at 1 April 2014	1,148	223	1,371
Additions	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
Depreciation	-	-	-
At 31 March 2015	1,148	223	1,371

Notes to the Financial Statements

16. INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Account over the economic life of the licences, assessed as five years.

The carbon reduction commitment allowances relate to allowances purchased in advance as part of the Carbon Reduction Energy Efficiency Scheme (Phase 2). These allowances will be surrendered in the October of each year on the basis of emissions, i.e. carbon dioxide produced as energy is used.

The movement in intangible assets during the year was:

Movements in 2014-15	Carbon Reduction Commitment Allowance	Purchased Software Licences	Total Intangible Assets
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2014	-	1,067	1,067
Additions	234	156	390
Disposals	-		-
Reclassifications	-	14	14
At 31 March 2015	234	1,237	1,471
Depreciation and Impairments			
At 1 April 2014	-	(716)	(716)
Charge for 2014-15	-	(108)	(108)
Disposals	-		-
At 31 March 2015	-	(824)	(824)
Balance Sheet amount at 1 April 2015	234	413	647
Balance Sheet amount at 1 April 2014	-	351	351

Notes to the Financial Statements

Comparative Movements in 2013-14	Purchased Software Licences 2013-14 £'000
Cost or Valuation	
At 1 April 2013	813
Additions	254
Disposals	-
Reclassifications	-
At 31 March 2014	1,067
Depreciation and Impairments	
At 1 April 2013	(610)
Charge for 2013-14	(106)
Disposals	-
At 31 March 2014	(716)
Balance Sheet amount at 1 April 2014	351
Balance Sheet amount at 1 April 2013	203

17. INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2015. Revaluations of investment properties were carried out at 31 March 2015 by external valuers, BNP Paribas Real Estate.

17.1 Movement in Investment Property

The movement in investment property during 2014-15 was:

Movements in 2014-15	Investment Properties £'000
Cost or Valuation	
At 1 April 2014	6,281
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	1,638
Transfers	-
At 31 March 2015	7,919

Notes to the Financial Statements

Comparative Movements in 2013-14	Investment Properties £'000
Cost or Valuation	
At 1 April 2013	6,397
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	(116)
Transfers	-
At 31 March 2014	6,281

17.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014-15 £'000	2013-14 £'000
Rental Income from Investment Property	98	98
Direct operating expenses arising from investment property	-	-
Net gain/(loss)	98	98

Notes to the Financial Statements

18. SCHOOLS NON-PROFIT DISTRIBUTING ORGANISATION (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the non-profit distributing organisation (NPDO) variant of a public private partnership, became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council, it is expected at that point in time each school will have an estimated life of 30 years remaining.

18.1 Assets Held under Schools NPDO Contract

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2013 and depreciation to date are included as part of Other Land and Buildings as follows:

Movements in 2014-15	Land & Buildings £'000
Cost or Valuation	
At 1 April 2014	93,179
Additions	13
Revaluations	-
At 31 March 2015	93,192
Depreciation and Impairments	
At 1 April 2014	(1,705)
Charge for 2014-15	(1,700)
Revaluations	-
At 31 March 2015	(3,405)
Balance Sheet amount at 1 April 2015	89,787
Balance Sheet amount at 1 April 2014	91,474

18.2 Schools NPDO Finance Lease Liability

The finance lease liability arising from the Schools NPDO contract is as follows:

Movements in 2014-15	£'000
Balance at 1 April 2014	(79,605)
Repayments	1,734
Schools NPDO Finance Lease Liability at 31 March 2015	(77,871)
Split:	
Obligations payable within 1 year	(1,878)
Obligations payable after 1 year	(75,993)
Schools NPDO Finance Lease Liability at 31 March 2015	(77,871)

Notes to the Financial Statements

18.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Lifecycle Costs £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2015 - 2020	10,205	-	37,659	24,497	72,361
2020 - 2025	14,888	947	32,003	28,646	76,484
2025 - 2030	22,156	2,896	23,253	32,846	81,151
2030 - 2035	30,622	3,186	9,897	33,854	77,559
Total	77,871	7,029	102,812	119,843	307,555

19. OPERATING LEASES

19.1 Operating Leases – Amounts Paid to Lessors

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amounts paid under these arrangements in 2014-15 were as follows:

	2014-15 £'000	2013-14 £'000
Land and Buildings	231	278
Vehicles	227	245
Plant and Equipment	209	164
Total	667	687

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2015 to making payments of £0.510m under operating leases comprising the following elements:

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring within 1 year	3	118
Leases expiring between 1 and 5 years	43	194
Leases expiring after 5 years	151	1
Value at 31 March 2015	197	313

20. LONG TERM DEBTORS

	31st March 2015 £'000	31st March 2014 £'000
House Loans	43	66
Waste PPP Historic Contamination Fund	750	750
Charging Orders - Care Home Fees	1,051	934
Strategic Housing Fund Loans to Registered Social Landlords	2,905	2,161
Other Long Term Debtors	100	100
Total Long Term Debtors	4,849	4,011

Notes to the Financial Statements

21. DEBTORS

		31 March 2015		31 March 2014	
		£'000	£'000	£'000	£'000
Arrears of Local Taxation	Council Tax	13,299		12,510	
	Less: Provision for Bad Debts	(10,764)		(10,439)	
			2,535		2,071
	Community Charge	-		7,550	
	Less: Provision for Bad Debts	-		(7,550)	
			-		-
Housing Benefits Overpayments		1,105		929	
Less: Provision for Bad Debts		(900)		(703)	
			205		226
Debtor Accounts		2,478		2,844	
Less: Provision for Bad Debts		(690)		(692)	
			1,788		2,152
VAT Recoverable from HMRC			3,033		3,742
Strategic Housing Fund Loans due within 1 Year			1,186		1,847
Other Debtors			8,167		5,996
Total Debtors			16,914		16,034

22. ASSETS HELD FOR SALE

The movement in assets held for sale during 2014-15 was:

Movements in 2014-15	2014-15 £'000	2013-14 £'000
Balance outstanding at start of year	153	1,708
Assets newly classified as held for sale (Property, Plant and Equipment)	15	553
Revaluation losses	(2)	(480)
Revaluation gains	-	-
Impairment losses	-	-
Assets declassified as held for sale (Property, Plant and Equipment)	(3)	(1,604)
Assets Sold	(138)	(24)
Balance outstanding at year-end	25	153

Notes to the Financial Statements

23. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2015 £'000	31 March 2014 £'000
Cash held by the Authority	64	62
Cash in transit	106	80
Short term deposits with banks	14,408	9,350
Short term deposits in Money Market Funds	12,000	-
Bank Current Accounts (Overdraft)	(2,732)	(3,417)
Total Cash and Cash Equivalents	23,846	6,075

24. CREDITORS

	31 March 2015 £'000	31 March 2014 £'000
Accrued Payrolls and Superannuation	6,077	6,122
Accrued Employer's National Insurance Contributions and PAYE	2,155	2,296
Accrual for Short Term Accumulating Absences	5,090	4,818
Creditors System Liability	6,297	7,037
Accrued Expenditure	5,566	4,908
Other Creditors	10,392	7,801
Total Creditors	35,577	32,982

25. FINANCIAL INSTRUMENTS DISCLOSURES

25.1 Types of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments":

	31 March 2015		31 March 2014	
	Long Term £'000	Current £'000	Long Term £'000	Current £'000
Investments and Lending				
Loans and Receivables	4,849	70,760	4,011	57,109
Borrowing				
Financial Liabilities at amortised cost	218,178	71,183	230,141	46,158

Notes to the Financial Statements

25.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2015 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31 March 2015		31 March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Lending				
Loans and Receivables	75,609	75,693	61,120	61,227
Borrowing				
Financial Liabilities	289,361	345,404	276,299	302,512

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

The fair value is greater than the carrying amount because the Council's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above the current market rates increases the amount the Council would have to pay if it agreed to early repayment of the loans.

25.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

25.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

25.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

Notes to the Financial Statements

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2015 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2015 %	Estimated Maximum Exposure to Default and Uncollectibility £'000
Deposits with Banks and Money Market Funds	26,408	-	-

The information in respect of the Council's debtors can be found in note 20 and 21 on pages 75 to 76. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 21 represents the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the council and credit is issued on the council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

25.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 30% of the loans are due to mature within any financial year and 60% within a rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Maturity analysis of financial liabilities		
Less than one year	71,184	46,158
Between one and two years	11,316	12,337
Between two and five years	26,997	29,183
More than five years	179,864	188,621
	289,361	276,299

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

25.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase

Notes to the Financial Statements

in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the “fair value” of both lending and borrowing at fixed rates. Changes in “fair value” of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.

During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.

The Council takes the daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government’s grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Council receives for “loan charges”.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2014, with all other variables held constant:

	31 March 2015 £'000
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	219
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for “loan charges”	-
Net effect on Statement of Comprehensive Income & Expenditure	219

	31 March 2015 £'000
Other accounting presentational changes	
A decrease in the “fair value” of fixed rate borrowing (disclosure confined to the notes to the financial statements)	28,357

The impact of a 1% fall in the interest rates would be as above but with the changes being reversed.

25.8 Price Risk

The Council has no investment classified as “available-for-sale”.

25.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Notes to the Financial Statements

25.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

	31 March 2015 £'000	31 March 2014 £'000
Banks and Money Market Funds	26,408	9,350

25.11 Short-Term Borrowing

The Common Good and the various Trust Funds administered by the Council had monies temporarily invested with the Council's loans fund during the year. The amounts at 31 March 2015 are shown in the table below. Further details of the nature and amounts of the funds of the Common Good and Trust Funds are shown in notes 33 and 34 on pages 91 to 92.

	31 March 2015 £'000	31 March 2014 £'000
Common Good	107	100
Trust Funds	1,258	1,264

26. OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £78.621m as at 31 March 2015 and comprise the following:

Movements in 2014-15	Opening Balance 31 March 2014 £'000	Movement in Year £'000	Closing Balance 31 March 2015 £'000
Schools NPDO Finance Lease Liability (See note 18.2)	(79,605)	1,734	(77,871)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(80,355)	1,734	(78,621)
Split:			
Short Term Liabilities (due within 1 year)			(1,878)
Long Term Liabilities (due after 1 year)			(76,743)
Total Other Liabilities			(78,621)

Notes to the Financial Statements

27. PROVISIONS

	Opening Balance 31 March 2014 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2015 £'000
SRC Insurance Claims	(21)				(21)
Equal Pay Claims	(400)	(77)	34	366	(77)
Income due to Registered Social Landlords	(80)			12	(68)
Reorganisation Redundancy Costs	(338)	(54)	130	171	(91)
Landfill Sites - Restoration and Aftercare Costs	-	(1,477)			(1,477)
Utilities Provision	(726)			127	(599)
Other Provisions	(959)	(367)	226	457	(643)
Total Provisions	(2,524)	(1,975)	390	1,133	(2,976)
<i>Split:</i>					
Short Term Provisions (due within 1 year)					(1,410)
Long Term Provisions (due after 1 year)					(1,566)
Total Other Liabilities					(2,976)

Liabilities have continued to arise in respect of the former Strathclyde Regional Council's operations. At present, potential liabilities in respect of insurance claims and various legal actions could cost the Council £0.021m.

A provision was created at the end of 2005-06 in relation to employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. There may be further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

The Council reduced the discount on council tax from second homes to 10% during 2005-06. The additional council tax income invoiced during 2014-15 amounted to £1.880m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected, due to be paid to registered social landlords, has been created amounting to £0.068m.

As with previous years, liabilities have arisen in respect of employees who will be made redundant as a result of restructuring. The Council has had significant budget savings to make and there will be an ongoing requirement to make savings in future years. The Council invited all employees to express an interest in voluntary redundancy. As a result of service review and other savings agreed as part of the budget process for 2011-12 to 2014-15 a number of employees have subsequently either taken or have been offered a redundancy package. The additional costs for employees terminated on or before 31 March 2015 were incurred in-year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2015, a provision of £0.054m has been created during 2014-15. For further information refer to note 32 - Termination Benefits on page 91.

A provision for landfill sites of £1.477m created in 2014-15 reflects the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. These have been provided for based on the net present value of estimated future costs.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.127m has been utilised this during 2014-15 resulting in a total provision of £0.599m.

The "other" provisions include funds to cover legal expenses in respect of recent court cases which the council will have to incur and also an amount in relation to the schools NPDO service charges which have been withheld from the operator. These amounts will require to be settled during 2015-16.

Notes to the Financial Statements

28. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

28.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2015. These payments have been accrued and are included within the creditors figure on the balance sheet. These have been paid during April 2015. The amounts are as follows:

- Local Government Pension Scheme – £1.241m
- Teachers' scheme – £0.691m

28.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2014. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer's pensionable payroll over the year to 31 March 2015 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

Notes to the Financial Statements

	2014-15 £'000	2013-14 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
<i>Service cost comprising:</i>		
Current Service Cost	16,474	13,946
Past Service Cost (Including Curtailments)	311	444
Net Cost of Services	16,785	14,390
Net Interest Expense	5,161	4,537
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	21,946	18,927
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on Assets (excluding amounts included in net interest)	(25,812)	(9,712)
Other Experience	(33,937)	203
Change in Financial Assumptions	77,424	21,507
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	39,621	30,925
Statement of Movement in Reserves:		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(8,726)	(6,475)
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employer's Contributions Payable to the Scheme	13,220	12,452

28.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2014-15 £'000	2013-14 £'000
Defined Benefit Obligation at 1 April	581,522	534,974
Current Service Cost	16,474	13,946
Past Service Costs including Curtailments	311	444
Interest Cost	25,027	24,090
Contributions by Scheme Participants	3,542	3,347
Re-measurement Gains and (Losses)	43,487	21,710
Estimated Benefits Paid	(18,504)	(16,989)
Defined Benefit Obligation at 31 March	651,859	581,522

Notes to the Financial Statements

Reconciliation of fair value of the scheme (plan) assets:

	2014-15 £'000	2013-14 £'000
Fair Value of Employer Assets at 1 April	463,185	435,110
Re-measurement Gains and (Losses):		
Expected Rate of Return on Pension Fund Assets	25,812	9,712
Actuarial Gains and Losses	-	-
Interest Income on Plan Assets	19,866	19,553
Employers Contributions	13,220	12,452
Contributions by Scheme Participants	3,542	3,347
Estimated Benefits Paid	(18,504)	(16,989)
Fair Value of Employer Assets at 31 March	507,121	463,185

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

28.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

	2014-15 £'000	2013-14 £'000
Local Government Pension Scheme		
Present Value of Funded Liabilities	(622,119)	(553,500)
Present Value of Unfunded Liabilities	(29,740)	(28,022)
Fair Value of Employer Assets	507,121	463,185
(Deficit) in the Scheme	(144,738)	(118,337)

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits.

Notes to the Financial Statements

28.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2015 comprised:

	2014-15 £'000	2013-14 £'000
Cash and Cash Equivalents	12,460	22,152
Equity Instruments (by industry type)		
Consumer	47,924	42,668
Manufacturing	38,267	37,483
Energy and Utilities	15,056	16,964
Financial Institutions	35,258	30,991
Health and Care	20,614	15,885
Information Technology	29,173	25,240
Sub-total Equity Instruments	186,292	169,231
Bonds (by sector)		
Corporate	3	3
Government	-	-
Sub-total Bonds	3	3
Real Estate		
UK Property	46,332	32,448
Overseas Property	-	-
Sub-total Real Estate	46,332	32,448
Private Equity (All)	49,347	43,684
UK		
Investment Funds and Unit Trusts		
Equities	145,498	140,979
Bonds	64,207	53,750
Commodities	192	184
Infrastructure	1,714	656
Other	921	1
Sub-total Investment Funds and Unit Trusts	212,532	195,570
Derivatives		
Forward Foreign Exchange Contracts	-	-
Other	155	98
Sub-total Derivatives	155	98
Total Assets	507,121	463,186

Notes to the Financial Statements

Fair Value of Pension Fund Assets	2014-15 £'000	2013-14 £'000
Equity Securities		
Quoted in an Active Market	185,910	168,875
Not Quoted in an Active Market	382	356
Sub-total Equity Securities	186,292	169,231

28.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

Long-term Expected Rate of Return on Assets in the Fund	2014-15 %	2013-14 %
Equity Investments	3.2%	4.3%
Bonds	3.2%	4.3%
Property	3.2%	4.3%
Cash	3.2%	4.3%

Mortality assumptions	2014-15 Years	2013-14 Years
Longevity at 65 for current pensioners:		
Men	22.1	21.0
Women	23.6	23.4
Longevity at 65 for future pensioners:		
Men	24.8	23.3
Women	26.2	25.3

Financial Assumptions	2014-15 %	2013-14 %
Rate of Inflation (CPI)	2.4%	2.8%
Rate of Increase in Salaries	4.3%	5.1%
Rate of Increase in Pensions (CPI)	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

28.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range.

Notes to the Financial Statements

28.8 Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2015-2016.

The Fund will need to take account of national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earnings (CARE) scheme for future accruals.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 is £11.339m.

The assumed weighted average duration of the defined benefit obligation is 17.8 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

28.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Authority are members of the Teachers' Pension Scheme administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2015, the Authority's own contributions equate to 1.45%.

	2014-15 £'000	2013-14 £'000
Amount Paid Over (£'000)	5,028	5,036
Rate of Contribution (%)	14.90%	14.90%
Amount of Added Years Awarded by the Council (£'000)	525	534

The contributions due to be paid to the Teacher's Scheme by Argyll and Bute Council in the next financial year are estimated to be £5.414m.

29. UNUSABLE RESERVES

Movements in the Authority's unusable reserves are detailed in the Statement of Movement in Reserves on pages 32 to 33.

29.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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- Revalued downwards or impaired and gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

29.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

29.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

29.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority had set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

29.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Notes to the Financial Statements

30. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Statement of Movement in Reserves on pages 32 to 33.

30.1 Capital Funds

The Authority holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

During the 2007-08 financial year the Council established a Capital Fund under Section 22 of Schedule 3 of the Local Government (Scotland) Act 1975. All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008.

The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2014-15	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2014	2,757	703	3,460
Proceeds of Disposals	-	430	430
Transfer to Capital Adjustment Account	-	(159)	(159)
Contribution to Loans Fund Charges	-	-	-
Interest Earned	9	2	11
Balance at 31 March 2015	2,766	976	3,742

The movement in the Repairs and Renewals Funds are as follows:

Movements in 2014-15	Balance at 31 March 2014 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2015 £'000
Education	955	19	3	(378)	599
Vehicles	70	-	-	-	70
Total	1,025	19	3	(378)	669

31. CONTINGENT LIABILITIES

The Council settled a number of equal pay claims during 2014-15, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

In a recent legal case, the European Court of Justice ruled that if a worker's remuneration includes contractual commission; their holiday pay must also take account of that commission. All pay

Notes to the Financial Statements

elements such as overtime, standby/emergency call outs and commission should be included in the calculation of holiday pay. At this stage the extent of the Council's potential liability is unknown.

32. TERMINATION BENEFITS

A number of savings options as a result of service reviews and other savings have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Councils staffing levels. The Council had forewarning of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs as part of the programme of service reviews have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year provision was made within the financial year for the costs of all employees who had accepted redundancy as at 31 March ending that year, including accounting for costs for employee who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2013-14 was £0.945m for 35 employees and in 2014-15 was £0.748m for 24 employees. These costs are detailed further in the Remuneration Report on pages 30 to 31.

Therefore termination costs for all Council employees who have accepted redundancy by 31 March 2014 have been accounted for in 2014-15, or in previous financial years. There is only one group of employees where there is insufficient information to allow for redundancy costs to be estimated reliably, therefore no actual financial provision can be made for these costs.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the service review and other savings agreed by the Council. There are likely to be further redundancy costs incurred as the Council is required to make further savings to balance the budget in future years.

33. TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 60 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which Argyll and Bute Council act as sole trustee:

	Income	Expenditure	Net Assets	Reserves
	£'000	£'000	£'000	£'000
Argyll Education Trust	12	5	449	449
GM Duncan Trust	1	2	85	85
MacDougall Trust	2	-	611	611
Various Other Trust Funds	5	2	516	516
Total Trust Funds	20	9	1,661	1,661

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by Argyll and Bute Council, can be obtained from Strategic Finance within the Chief Executive's Unit.

Notes to the Financial Statements

A number of the trust funds administered by Argyll and Bute Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by Argyll and Bute Council comply and will continue to comply with these requirements.

34. COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2015. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Strategic Finance within the Chief Executive's Unit.

34.1 Common Good Income and Expenditure Account for the year ended 31 March 2015

2013-14 Actual £'000		2014-15 Actual £'000
175	Expenditure	201
(87)	Income	(80)
88	(Surplus)/Deficit for the Year	121

34.2 Common Good Balance Sheet at 31 March 2015

2013-14 Actual £'000		2014-15 Actual £'000
4,284	Tangible Fixed Assets	4,151
2,036	Investments	2,098
188	Current Assets	216
(2)	Current Liabilities	(2)
6,506	Total Assets less Liabilities	6,463
3,961	Revaluation Reserve	4,151
2,545	Common Good Fund	2,312
6,506	Total Net Worth	6,463

Notes to the Financial Statements

35. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

	2014-15 £'000	2013-14 £'000
Net (Surplus)/Deficit on Provision of Services	(4,581)	(1,694)
Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:		
Statutory Adjustments through Statement of Movement in Reserves	2,900	3,604
Transfer to/from Other Statutory Reserves	(345)	187
Increase/(Decrease) in Inventories	(56)	(241)
Increase/(Decrease) in Debtors	599	1,739
(Increase)/Decrease in Creditors and Provisions	(1,213)	4,402
Other Revenue Adjustments	(19,105)	(22,346)
	(17,220)	(12,655)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:		
Non Cash Capital	9,994	10,580
Capital Element of Finance Lease Payments	(1,734)	(1,566)
	8,260	9,014
Net Cash Flows from Operating Activities	(13,541)	(5,335)
The cash flows for Operating Activities include the following items:		
Interest Paid on Borrowings	9,804	8,564
Interest Paid on Finance Leases	8,071	8,174
Interest Received on Bank Deposits	(514)	(410)
Net Cash Outflow from Servicing of Finance	17,361	16,328

Notes to the Financial Statements

36. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

	2014-15 £'000	2013-14 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	28,976	21,463
Investments made/(disposed of) during year	(5,000)	-
Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(430)	(454)
Other Receipts from Investing Activities	(15,319)	(10,876)
Net Cash Outflow from Investing Activities	8,227	10,133

37. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

	2014-15 £'000	2013-14 £'000
Cash Receipts of Short and Long Term Borrowing	(20,589)	(706)
Other Receipts from Financing Activities	(1,994)	(6)
Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	1,734	1,566
Repayments of Short and Long Term Borrowing	8,392	141
Other Payments from Financing Activities	-	-
Net Cash Outflow from Financing Activities	(12,457)	995

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Authority.

2013-14 Actual £'000		2014-15 Actual £'000
54,035	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	54,356
	Add Back:	
1,924	RSL Second Home Discount Additional Income	1,880
	Less:	
(13,560)	Other Discounts and Reductions	(12,607)
(997)	Provision for Bad and Doubtful Debts	(926)
41,402	Total	42,703
664	Adjustment to Previous Years' Community Charge and Council Tax	668
42,066	Transfers to General Fund	43,371

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2014-15 was as follows:

Band	Valuation Band	% Band D	£ per year
A	Up to £27,000	67%	785.33
B	£27,001 - £35,000	78%	916.22
C	£35,001 - £45,000	89%	1,047.11
D	£45,001 - £58,000	100%	1,178.00
E	£58,001 - £80,000	122%	1,439.78
F	£80,001 - £106,000	144%	1,701.56
G	£106,001 - £212,000	167%	1,963.33
H	Over £212,000	200%	2,356.00

2. CALCULATION OF THE COUNCIL TAX BASE 2014-15

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,708	9,848	9,365	6,029	7,301	4,077	2,765	243	47,336
Less - Exemptions / Deductions	972	784	1,029	528	577	240	178	46	4,354
- Adjustment for Single Chargepayers	878	1,021	749	440	423	194	106	6	3,817
Effective Number of Properties	5,858	8,043	7,587	5,061	6,301	3,643	2,481	191	39,165
Band D Equivalent Factor (ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalent Number of Properties	3,905	6,256	6,744	5,061	7,701	5,262	4,135	382	39,446
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									512
Nominal Tax Yield									39,958
Less Provision for Non-Collection - 1.50%									599
Council Tax Base 2014-15 - Number of Band D equivalents									39,359

Non Domestic Rate Income Account

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2013-14 Actual £'000		2014-15 Actual £'000
38,669	Gross rates levied and Contributions in Lieu	39,832
	Less:	
(10,100)	Reliefs and other deductions	(9,734)
-	Payment of Interest	(29)
(185)	Provision for Bad and Doubtful Debts	(267)
28,384	Net Non-Domestic Rate Income	29,802
108	Contribution (to)/from national non-domestic rate pool	1,200
28,492	Transfers to General Fund	31,002

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

	2014-15 £	2013-14 £
Industrial and freight transport subjects	6,650,490	6,546,665
Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	55,639,870	55,602,432
Commercial subjects:		
Shops	13,262,165	13,468,040
Offices	4,933,370	4,925,695
Hotels, Boarding Houses etc.	6,618,475	6,658,775
Others	1,986,020	1,977,520
Total Rateable Value	89,090,390	89,179,127

2. NON-DOMESTIC RATE CHARGE

	2014-15 Pence	2013-14 Pence
Rate Per Pound	47.1p	46.2p
Supplementary Rate Per Pound for Properties over £35,000	1.1p	0.9p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

Group Accounts - Introduction

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

Group Statement of Movement in Reserves

This statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. The Council's reserves are analysed into those which are "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation).

Movements in 2014-15	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council			
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2014	(44,041)	(1,025)	(3,460)	(48,526)	(126,299)	(174,825)	(1,056)	(6,506)	(182,387)
Surplus/(Deficit) on Provision of Services	(4,581)	-	-	(4,581)	-	(4,581)	48	(9)	(4,542)
Other Comprehensive Income and Expenditure	-	-	-	-	18,449	18,449	694	52	19,195
Total Comprehensive Income and Expenditure	(4,581)	-	-	(4,581)	18,449	13,868	742	43	14,653
Total Statutory Adjustments (See Page 32 to 33)	2,900	-	(430)	2,470	(2,470)	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(1,681)	-	(430)	(2,111)	15,979	13,868	742	43	14,653
<i>Other Transfers required by Statute</i>									
Transfer to/from Other Statutory Reserves	(345)	356	148	159	(159)	-	-	-	-
(Increase)/Decrease in Year	(2,026)	356	(282)	(1,952)	15,820	13,868	742	43	14,653
Balance at 31 March 2015 Carried Forward	(46,067)	(669)	(3,742)	(50,478)	(110,479)	(160,957)	(314)	(6,463)	(167,734)

The Council's Statement of Movement in Reserves on pages 32 to 33 gives a more detailed analysis of the movement in the Council's usable and unusable reserves during 2014-15.

Group Statement of Movement in Reserves

This statement shows the comparative movement in the year on reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts.

Comparative Movements in 2013-14	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council			
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2013	(46,138)	(850)	(3,316)	(50,304)	(130,438)	(180,742)	261,675	(3,060)	77,873
Transfer of Police and Fire Services to Central Government	-	-	-	-	-	-	(263,112)	-	(263,112)
Revised Balance at 1 April 2013	(46,138)	(850)	(3,316)	(50,304)	(130,438)	(180,742)	(1,437)	(3,060)	(185,239)
Surplus/(Deficit) on Provision of Services	(1,694)	-	-	(1,694)	-	(1,694)	79	35	(1,580)
Other Comprehensive Expenditure and Income	-	-	-	-	7,611	7,611	302	(3,481)	4,432
Total Comprehensive Expenditure and Income	(1,694)	0	0	(1,694)	7,611	5,917	381	(3,446)	2,852
Total Statutory Adjustments (See Page 34 to 35)	3,604	-	(454)	3,150	(3,150)	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	1,910	-	(454)	1,456	4,461	5,917	381	(3,446)	2,852
<i>Other Transfers required by Statute</i>									
Transfer to/from Other Statutory Reserves	187	(175)	310	322	(322)	-	-	-	-
(Increase)/Decrease in Year	2,097	(175)	(144)	1,778	4,139	5,917	381	(3,446)	2,852
Balance at 31 March 2014 Carried Forward	(44,041)	(1,025)	(3,460)	(48,526)	(126,299)	(174,825)	(1,056)	(6,506)	(182,387)

Group Statement of Comprehensive Income and Expenditure

This statement shows the accounting cost in the year of providing the Council's services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves on pages 32 to 33.

2013-14			Service	2014-15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
108,526	6,885	101,641	Education Services	111,565	6,921	104,644
36,753	28,042	8,711	Housing Services (Non-HRA)	34,810	28,601	6,209
13,360	2,345	11,015	Cultural and Related Services	12,676	2,263	10,413
23,222	4,221	19,001	Environmental Services	26,022	4,281	21,741
24,214	6,321	17,893	Roads and Transport Services	25,517	6,980	18,537
7,552	4,477	3,075	Trading Services	7,903	4,852	3,051
10,816	5,554	5,262	Planning and Development Services	10,735	5,660	5,075
70,096	10,698	59,398	Social Work	72,584	10,645	61,939
	-		Central Services:			
4,353	125	4,228	- Corporate and Democratic Core	4,537	95	4,442
1,850	2	1,848	- Non Distributed Costs	1,758	-	1,758
3,091	1,300	1,791	- Central Services to the Public	2,922	1,280	1,642
3,147	3,068	79	Associates Accounted for on an Equity Basis	2,925	2,877	48
306,980	73,038	233,942	Net Cost of Services	313,954	74,455	239,499

Group Statement of Comprehensive Income and Expenditure

		Other Operating Income and Expenditure:	
	26	Net (Gain)/loss on Disposal of Fixed Assets	(142)
	(3)	(Surplus)/deficit on trading undertakings	-
	1,048	Other Operating Income and Expenditure	1,016
	1,071	Total Other Operating Income and Expenditure	874
		Financing and Investment Income and Expenditure:	
	18,107	Interest Payable and Similar charges	18,125
	(778)	Interest and Investment Income	(2,513)
	4,537	Net Pension Interest Expense	5,161
	21,866	Total Financing and Investment Income and Expenditure	20,773
		Taxation and Non-Specific Grant Income:	
	(176,904)	General Government Grants	(174,877)
	(10,997)	Government Capital Grants and Other Capital Contributions	(16,438)
	(28,492)	Non-domestic Rates Redistribution	(31,002)
	(42,066)	Council Tax Income	(43,371)
	(258,459)	Total Taxation and Non-Specific Grant Income	(265,688)
	(1,580)	(Surplus)/Deficit on Provision of Services	(4,542)
	(4,387)	(Surplus)/Deficit on revaluation of Fixed Assets	774
	11,998	Other Post Employment Benefits (Pensions)	17,675
	(3,179)	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds	746
	4,432	Other Comprehensive Income and Expenditure	19,195
	2,852	Total Comprehensive Income and Expenditure	14,653

Group Balance Sheet



31 March 2014			31 March 2015	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment		
290,414		- Other Land and Buildings	281,317	
10,674		- Vehicles, Plant, Furniture and Equipment	11,088	
169,555		- Infrastructure Assets	183,985	
5,954		- Community Assets	5,820	
4,581		- Surplus Assets	3,992	
25,591		- Assets Under Construction	30,223	
	506,769	Total Property Plant & Equipment		516,425
	1,371	Heritage Assets		1,371
	351	Intangible Assets		647
	6,281	Investment Property		7,919
	4,011	Long-Term Debtors		4,849
	2,036	Long-Term Investments		2,098
	2,626	Investment in Associates		2,596
	523,445	Total Long Term Assets		535,905
		Current Assets		
390		Inventories	334	
16,073		Short Term Debtors (Net of Impairment)	16,965	
153		Assets Held for Sale	25	
35,000		Short Term Investments	30,000	
6,121		Cash and Cash Equivalents	23,904	
	57,737	Total Current Assets		71,228
		Current Liabilities		
(11,442)		Short-term Borrowing	(33,623)	
(32,882)		Short-term Creditors	(35,578)	
(165)		Capital Grant Receipts in Advance	(146)	
(2,423)		Provisions	(1,410)	
(1,734)		Other Short Term Liabilities	(1,878)	
	(48,646)	Total Current Liabilities		(72,635)
		Long-term Liabilities		
(151,520)		Borrowing Repayable within a Period in Excess of 12 Months	(141,435)	
(78,621)		Other Long-term liabilities	(76,743)	
(101)		Provisions	(1,566)	
(118,337)		Other Long-term liabilities (Pensions)	(144,738)	
(1,570)		Liabilities in Associates	(2,282)	
	(350,149)	Total Long-term Liabilities		(366,764)
	182,387	Total Assets less Liabilities		167,734

Group Balance Sheet



31 March 2014			31 March 2015	
£'000	£'000		£'000	£'000
56,113		Unusable Reserves		
198,230		- Revaluation Reserve	55,224	
(4,889)		- Capital Adjustment Account	209,599	
(118,337)		- Financial Instruments Adjustment Account	(4,516)	
(4,818)		- Pensions Reserve	(144,738)	
		- Accumulated Absences Account	(5,090)	
	126,299			110,479
		Usable Reserves		
3,460		- Capital Funds	3,742	
1,025		- Repairs and Renewals Funds	669	
44,041		- General Fund Balance	46,067	
	48,526			50,478
	1,056	Group Reserves		314
	6,506	Common Good Reserves		6,463
	182,387	Total Reserves		167,734

The Balance sheet is a snapshot of the value at the 31 March 2015 of the assets and liabilities recognised by the Council and its share of the net assets or liabilities of its associates and Common Good funds. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates is matched by its share of the reserves of the associates (i.e. its group reserves).

The Annual Accounts were issued on 25 June 2015 and the Audited Annual Accounts were authorised for issue on 25 September 2015.

Steve Barrett
Head of Strategic Finance
25 September 2015

Notes to the Group Financial Statements

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements on pages 41 to 53.

- The Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee financial statements have been prepared under the historic cost convention.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

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

Under accounting standards, the Council is required to include the results of the above organisations as “associates” because it has “significant influence” over their financial and operating policies. The Council has no shares in or ownership of any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an “associate” although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards.

The accounting period for all entities is 31 March 2015.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish local authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 28 participating Scottish local authorities. Argyll and Bute Council contributed £0.066m towards Scotland Excel in the 2014-15 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

Notes to the Group Financial Statements

4. NATURE OF COMBINATION

The Council inherited its interest in these entities following the reorganisation of local government in 1996. An acquisition basis has been used as the basis of consolidation. However, as no consideration was given for this interest there is no goodwill involved in these instances.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £6.777m. This gives an overall net asset position for the Group of £167.734m.

All associates have prepared their accounts on a 'going concern' basis. For Strathclyde Passenger Transport Authority and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Due to the significant impact upon the reported figures of the Group Accounts further information in respect of the Associate Entities outlined above can be summarised as follows:

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a Joint Committee of all Councils in the West of Scotland plus Dumfries and Galloway Council. In association with the related Structure Planning Committees, the Partnership's remit included the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Joint Transport Strategy. The Council contributed £0.606m or 1.62% of the Board's estimated net running costs during 2014-15 and accounted for £2.528m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board

This body comprises the 12 local authorities within the West of Scotland which oversees the operations of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the 12 constituent councils and direct grant funding from the Scottish Government. During 2014-15 the Council contributed £0.176m or 4.14% of the net annual running costs and accounted for £0.068m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Consort House, 12 West George Street, Glasgow G2 1HN.

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at local government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2014-15 Argyll and Bute Council contributed £1.281m towards estimated running costs and accounted for £2.282m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Dunbartonshire and Argyll and Bute Valuation Joint Board, Council Offices, Garshake Road, Dumbarton G82 3PU.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:-

Notes to the Group Financial Statements

	2014/15 £'m	2013/14 £'m
Argyll and Bute Council has a 48.1% share of:		
Gross Income	2.931	2.745
Net (Surplus)/Deficit	0.237	0.191
Long Term Assets	0.743	0.847
Current Assets	0.730	0.644
Liabilities due within one year	(0.101)	(0.126)
Liabilities due over one year	-	-
Pension Liability	(6.115)	(4.544)
Capital and Revenue Reserves	(4.744)	(3.178)

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 36 to 37) for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in note 34 of the Notes to the Financial Statements on page 92 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £6.463m.

8. GROUP CASH FLOW STATEMENT

The impact of the incorporation of the associates has no effect upon the Cash Flow statement for Argyll and Bute Council on page 40. Only the Common Good transactions would have an impact. However, this impact is not material enough for a separate Group Cash Flow Statement to be prepared.

Independent auditor's report to the members of Argyll and Bute Council and the Accounts Commission

I certify that I have audited the financial statements of Argyll and Bute council and its group for the year ended 31 March 2015 under part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority only Statements of Movement in Reserves, Statements of Comprehensive Income and Expenditure Statements and Balance Sheets, the authority only Cash-Flow Statement, the Council Tax Income Account, the Non Domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Head of Strategic Finance and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts the Head of Strategic Finance is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the authority and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Strategic Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and of the local authority as at 31 March 2015 and of the income and expenditure of the group and the authority for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with delivering Good Governance in Local Government: or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

A handwritten signature in black ink that reads 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight FCA
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

25 September 2015

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



AUDITED

Annual Report and Financial Statements 2014-2015

For the Year ended 31 March 2015

SC019607	Marquess of Bute Silver Wedding Dowry
SC019061	Norman Stewart Institute Trust
SC013578	Baillie Gillies Bequest
SC013600	Kidston Park Trust
SC018697	Miss Annie Dickson Burgh Bequest
SC018698	Logie Baird Prize Fund
SC019593	Misses MacGillivray Trust
SC019599	McCaig Trust
SC020382	County of Argyll Education Trust Scheme, 1960

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Marquess of Bute Silver Wedding Dowry

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015



**Marquess of Bute Silver Wedding Dowry
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Marquess of Bute Silver Wedding Dowry

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Marquess of Bute Silver Wedding Dowry
Charity Number:	SC019607
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

Marquess of Bute Silver Wedding Dowry**Trustees' Annual Report – For the Year ended 31 March 2015**

Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

£1,000 was given by John Patrick Crichton-Stuart, 3rd Marquess of Bute, on 12 April 1897 (the date of his silver wedding) to Rothesay Town Council. Noted in the Rothesay Town Council Minutes 12/04/1897 and 10/05/1897.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.



Marquess of Bute Silver Wedding Dowry

Trustees' Annual Report – For the Year ended 31 March 2015

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. There are two local bonds with a total of £2,400 (see note 8). For the balance of the funds the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is to provide a donation to one or two girls from the poorer classes on their wedding.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015 no grants were issued.

FINANCIAL REVIEW

Overview

No grants were issued during 2014/15. Income during 2014/15 came from interest from deposits with Argyll and Bute Council of £26 (2013/14: £27) and local bond interest of £24 (2013/14: £25). The trust held cash and bank of £7,397 as at 31 March 2014 (2014/15: £7,347) and local bonds totalling £2,400 (2013/2014: £2,400).



Marquess of Bute Silver Wedding Dowry

Trustees' Annual Report – For the Year ended 31 March 2015

Reserves Policy

The unrestricted free reserves at the financial year-end were £6,397 (2014: £6,347). This includes cash and bank only repayable on demand. The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION


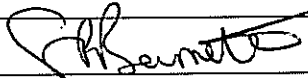
The charity made no grants 2014-15.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Marquess of Bute Silver Wedding Dowry**Statement of Receipts and Payments – For the Year ended March 2015**

Independent auditor's report to the trustees of the Marquess of Bute Silver Wedding Dowry fund and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Marquess of Bute Silver Wedding Dowry fund for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date



Marquess of Bute Silver Wedding Dowry

Statement of Receipts and Payments – For the Year ended March 2015

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink that reads 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Marquess of Bute Silver Wedding Dowry

Statement of Receipts and Payments – For the Year ended March 2015



	<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEIPTS					
Income from investments other than land and buildings	4	50	-	50	52
Total Receipts		50	-	50	52
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	400
Total Payments		-	-	-	400
Surplus / (Deficit) for Year		50	-	50	(348)

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.

Marquess of Bute Silver Wedding Dowry
Statement of Balances as at 31 March 2015

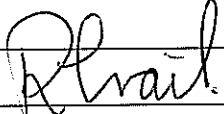
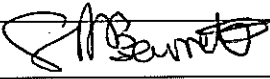


Statement of Balances as at 31 March 2015

	Note	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2015	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2014
		£	£	£	£	£	£
Cash and Bank Balances	6						
Opening Balances		6,347	1,000	7,347	6,695	1,000	7,695
Surplus for year		50	-	50	(348)	-	(348)
Closing Balances		6,397	1,000	7,397	6,347	1,000	7,347
Investments	8						
Market value		2400	-	2,400	2,400	-	2,400
Cost		2400	-	2,400	2,400	-	2,400

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



Marquess of Bute Silver Wedding Dowry

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £26 (2013/14 £27) from Argyll and Bute Council and also local bond interest of £24 (2013/14: £25). All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil).

5. Grants

In the year to 31 March 2015, no grants were made (2013/14: £400).

6. Cash and Bank Balances

During the year the trust's balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

8. Investments

The charity holds two three-year fixed term deposit local bonds from Argyll and Bute Council, one for £2,000 with a rate of 1.05% repayable on 31 March 2016, and the other for £400 with a rate of 0.87% repayable on 30 September 2015 in a continuation of historic practice.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Norman Stewart Institute Trust

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015

Scottish Charity Number SC019601



Norman Stewart Institute Trust
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Norman Stewart Institute Trust

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Norman Stewart Institute Trust
Charity Number:	SC019601
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

Norman Stewart Institute Trust

Trustees' Annual Report – For the Year ended 31 March 2015



Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

Norman Stewart, Merchant in Richmond, Virginia, USA, died 1886. In 1887, his Executors gave ground in Montague Street, Rothesay with an endowment to Rothesay Town Council to provide '*an Institution for the Physical, Religious, Moral, Social and Intellectual Benefit of the Industrial Classes in Rothesay.*' The institute was closed and demolished many years ago. Information found in Minute Book of the Trust and other records in the District Archives.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Norman Stewart Institute Trust**Trustees' Annual Report – For the Year ended 31 March 2015****Organisational Structure**

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council and receive interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is to provide an Institution for the physical, religious, moral and intellectual benefit of the industrial classes of Rothesay.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW**Overview**

The trust is dormant. The only source of income during 2014/15 came from interest from deposits with Argyll and Bute Council of £6 (2013/14: £6). The trust held cash at bank of £1,599 as at 31 March 2015 (2014: £1,593).

Norman Stewart Institute Trust

Trustees' Annual Report – For the Year ended 31 March 2015



Reserves Policy

The unrestricted free reserves in cash at bank at the financial year-end were £959 (2014: £953). The Trust has no explicit reserves policy, but the “capital” of the fund (as identified from the governing document or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION

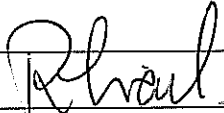
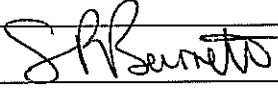
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Norman Stewart Institute Trust

Independent Auditor's Report



Independent auditor's report to the trustees of the Norman Stewart Institute Trust and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Norman Stewart Institute trust for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

Norman Stewart Institute Trust
Independent Auditor's Report



properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date

have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

proper accounting records have not been kept; or

the financial statements are not in agreement with the accounting records; or

I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Fiona Mitchell-Knight

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Norman Stewart Institute Trust

Statement of Receipts and Payments – For the Year ended March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEIPTS					
Income from investments other than land and buildings	4	6	-	6	6
Total Receipts		6	-	6	6
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	-	-
Surplus / (Deficit) for Year		6	-	6	6

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.

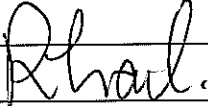
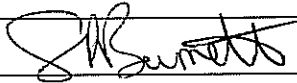
Norman Stewart Institute Trust
Statement of Balances as at 31 March 2015



<i>Note</i>	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2015	Unrestricted Funds	Permanent Endowment Funds	Total Funds 2014
	£	£	£	£	£	£
Cash and Bank Balances 6						
Opening Balances	953	640	1,593	947	640	1,587
Surplus for year	6	-	6	6	-	6
Closing Balances	959	640	1,599	953	640	1,593

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Norman Stewart Institute Trust**Notes to the Accounts****1. Basis of Accounting**

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £6 (2014: £6) from Argyll and Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust's balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately. The balance disclosed as permanent endowment is the capital reserve in the 1993 accounts.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Baillie Gillies Bequest

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015



**Baillie Gillies Bequest
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Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Baillie Gillies Bequest
Charity Number:	SC013578
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

Baillie Gillies Bequest**Trustees' Annual Report – For the Year ended 31 March 2015**

Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Documents**

The charity was 'inherited' from Bute County Council. William Gillies, cooper and fish curer in Rothesay, and at some time a Baillie and Chief Magistrate of that Burgh, bequeathed £200 for the benefit of the poor of Rothesay. He was elected to the Town Council in 1812 and retired in 1835.

Mrs Margaret Stevenson, or Lochhead, died circa 1947. Bequest of £50 to Rothesay Town Council, the income of which is to provide coals for the deserving poor of the Burgh.

Archibald Brown, Clerk in the Bute Savings Bank Rothesay, died 1903. Will confirmed and recorded in 1903, detailing bequest of £100. The interest to be divided annually at Candlemas among the deserving old and infirm poor of Rothesay.

James Duncan, Merchant in Valparaiso, Chile, thereafter residing in Rothesay died in 1874. He bequeathed £2,000 to Rothesay Town Council. Noted in the Minute Book of the Charity, 1875-1894 in the District Archives. The income was to be distributed half yearly to 10 older women of good character and honest repute, over 60 years of age and not in parochial relief, whose parents as well as themselves have been born in Rothesay or the Island of Bute.



Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2015

Misses Gibson, Ardmory, Rothesay. Janet Gibson died in 1893 her will was confirmed and recorded in 1894 with a bequest of £200 to the Minister of the Parish of Rothesay and to Rothesay Town Council. The interest was to be paid out at Candlemas to the most deserving of the poor and each recipient was to get 25 pence

Mrs Ann Taylor, or Jackson, residing at Easterhouse, Baillieston, died 1892 and her will was confirmed and recorded 1892. She made a bequest of £100, the annual income of which was to be expended from time to time providing coals for the poor persons of the name Taylor residing in Rothesay and who were born in Skipness (Kintyre) or Rothesay. Minute Book of the Bequest 1892-1894 in District Archives.

Annie McMillan - Minutes of Rothesay Town Council 28/11/1947, a bequest of £100 to Rothesay Town Council to provide coals for the deserving poor of Rothesay.

Jane Paterson of Whinny Brae, Rothesay, died 1902. Will confirmed and recorded in 1903 with a bequest of £300 made to Rothesay Town Council. The income from the bequest was to be divided at Candlemas among the old and infirm poor of Rothesay.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.



Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2015

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council and receive interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objectives of the various funds that make up the Baillie Gillies fund are as follows:

Baillie Gillies Bequest - Prevention and relief of poverty in Rothesay.

Margaret Lochhead Bequest - Prevention and relief of poverty in Rothesay through grants to individuals for purchase of coals.

Archibald Brown Bequest - The interest is to be divided annually at Candlemas among the deserving old and infirm poor of Rothesay.

James Duncan Bequest - Prevention and relief of poverty in Rothesay through distribution to ten old women whose parents as well as themselves were born in Rothesay

Janet Gibson Bequest - Prevention and relief of poverty in Rothesay.

Ann Jackson Bequest - Prevention and relief of poverty in Rothesay, by providing coals for poor persons of the name Taylor residing in Rothesay who were born in Skipness (Kintyre) or Rothesay.

Annie McMillan Bequest - Prevention and relief of poverty in Rothesay through grants to individuals for coal.

Jane Paterson Bequest - The objective of the fund is for the prevention and relief of poverty in Rothesay

Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2015



ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW

Overview

The trust is dormant. The only source of income during 2014/15 came from interest from deposits with Argyll and Bute Council of £34 (2013/14: £35) and Local Bond Interest £1 (2013/14 £0). The trust held cash at bank of £9,795 as at 31 March 2015 (2013/14: £9,758).

Baillie Gillies Bequest

Trustees' Annual Report – For the Year ended 31 March 2015

Reserves Policy

The unrestricted free reserves in cash at bank at the financial year-end were £6,745 (2014: £6,708). The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing document or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION


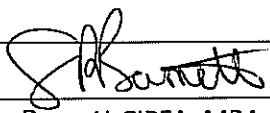
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2014 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

**Baillie Gillies Bequest
Independent Auditor's Report****Independent auditor's report to the trustees of the Baillie Gillies Bequest and the Accounts Commission for Scotland.**

I certify that I have audited the financial statements of the Baillie Gillies Bequest for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

**Baillie Gillies Bequest
Independent Auditor's Report**



properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date

have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink that reads 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Baillie Gillies Bequest

Statement of Receipts and Payments – For the Year ended March 2015



	<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
RECEIPTS					
Income from investments other than land and buildings	4	35	-	35	39
Total Receipts		35	-	35	39
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	-	-
Surplus / (Deficit) for Year		35	-	35	39

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 12 form an integral part of these accounts.

Baillie Gillies Bequest


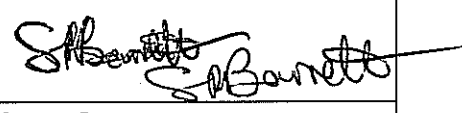
Statement of Balances as at 31 March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Cash and Bank Balances	6						
Opening Balances		6,710	3,050	9,760	6,673	3,050	9,723
Surplus for year		35	-	35	35	-	35
Closing Balances		6,745	3,050	9,795	6,708	3,050	9,758
Investments	8						
Market value		50	-	50	50	-	50
Cost		50	-	50	50	-	50

The notes on page 12 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



Baillie Gillies Bequest

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £35 (2014: £35) from Argyll and Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust's balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

8. Investments

The charity holds a three-year fixed term deposit £50 local bond from Argyll and Bute Council, repayable on 30 September 2015. The rate of interest is 0.87%. This is a continuation of historic practice.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Kidston Park Trust

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015

Scottish Charity Number SC013600

Kidston Park Trust
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Kidston Park Trust

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Kidston Park Trust
Charity Number:	SC013600
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert Macintyre

Kidston Park Trust

Trustees' Annual Report – For the Year ended 31 March 2015



Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

A bequest of £1,000 was made by William Kidston towards the upkeep of Kidston Park (formerly Cairndow or Cairndhu Park) in April 1889. It was noted in the minutes of a meeting of the Town Council of the Burgh of Helensburgh.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Kidston Park Trust**Trustees' Annual Report – For the Year ended 31 March 2015****Organisational Structure**

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. There is an investment of £1,135 in a UK Government bond (see note 8). For the balance of the funds the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is to provide a public park, or recreation ground for the inhabitants of Helensburgh and for the purposes of boating and bathing in the Gareloch.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW**Overview**

The trust is dormant. Income during 2014/15 came from interest from deposits with Argyll and Bute Council of £10 (2013/14: £10) and UK Government bond interest of £40 (2013/14: £60). The trust held cash and bank of £3,045 as at 31 March 2015 (2014: £2,995) and a UK Government bond of £1,135 (2014: £1,135).

Kidston Park Trust**Trustees' Annual Report – For the Year ended 31 March 2015****Reserves Policy**

The unrestricted free reserves at the financial year-end were £2,065 (2014: £1,995). This includes cash and bank only repayable on demand. The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION

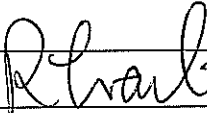
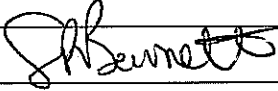
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	29/09/15

Independent auditor's report to the trustees of the Kidston Park Trust and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Kidston Park Trust for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

Kidston Park Trust
Independent Auditor's report



properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date

have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Kidston Park Trust

Statement of Receipts and Payments – For the Year ended March 2015



	<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEIPTS					
Income from investments other than land and buildings	4	50	-	50	70
Total Receipts		50	-	50	70
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	-	-
Surplus / (Deficit) for Year		50	-	50	70

All income in 2015 and 2015 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.

Kidston Park Trust

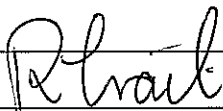
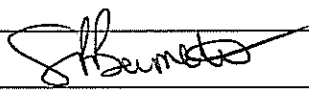
Statement of Balances as at 31 March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Cash and Bank Balances	6						
Opening Balances		1,995	1,000	2,995	1,925	1,000	2,925
Surplus for year		50	-	50	70	-	70
Closing Balances		2,045	1,000	3,045	1,995	1,000	2,995
Investments	8						
Market Value		1,135	-	1,135	914	-	914
Cost		1,135	-	1,135	1,135	-	1,135

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



Kidston Park Trust

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £10 (2013/14 £10) from deposits with Argyll and Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

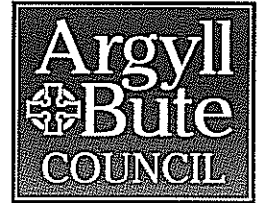
7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

8. Investments

The charity holds a £1,135 UK Government bond. The market value of this bond at 31 March 2015 was £1,135 (2014: £914). The interest rate at 23rd March 2015 was 1.75%.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Miss Annie Dickson Burgh Bequest

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015

Scottish Charity Number SC018697

**Miss Annie Dickson Burgh Bequest
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Miss Annie Dickson Burgh Bequest**Trustees' Annual Report – For the Year ended 31 March 2015**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Miss Annie Dickson Burgh Bequest
Charity Number:	SC018697
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald Macmillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert Macintyre

Miss Annie Dickson Burgh Bequest**Trustees' Annual Report – For the Year ended 31 March 2015**

Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

A bequest by Miss Mary Ann Dickson dated 4th April, 1927 to the Town Council of the Burgh of Helensburgh. Noted in an Excerpt from copy Will and Codicils.

Miss LA Colvil bequest - A Legacy of £200 was passed by Mr J Percival Agnew to the Town Council to perpetuate his cousin's name in Helensburgh by means of a fund for necessitous cases. Noted in the minutes of a meeting of the Finance Committee of Helensburgh Town Council on 22nd December 1969.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.



Miss Annie Dickson Burgh Bequest

Trustees' Annual Report – For the Year ended 31 March 2015

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. The investment of £71 in a UK Government bond was redeemed during 2014/15 (see note 8). For the balance of the funds the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is for the relief of distress in the Burgh of Helensburgh.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW

Overview

The trust is dormant. Income during 2014/15 came from interest from deposits with Argyll and Bute Council of £14 (2014/15: £14) and UK Government bond interest of £3 (2013/14: £3). The trust held cash and bank of £4,121 as at 31 March 2015 (2014: £4,032). A UK Government bond of £71 was redeemed and added to the cash and bank held (2013: £71).

Miss Annie Dickson Burgh Bequest

Trustees' Annual Report – For the Year ended 31 March 2015

**Reserves Policy**

The unrestricted free reserves at the financial year-end were £1,172 (2014: £1,084). This includes cash and bank only repayable on demand. The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION

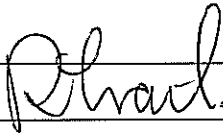
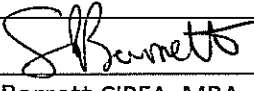
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Miss Annie Dickson Burgh Bequest Independent Auditor's Report



Independent auditor's report to the trustees of the Miss Annie Dickson Burgh Bequest and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Miss Annie Dickson Burgh Bequest for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date

**Miss Annie Dickson Burgh Bequest
Independent Auditor's Report**



- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Miss Annie Dickson Burgh Bequest

Statement of Receipts and Payments – For the Year ended March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEIPTS					
Income from investments other than land and buildings	4	14	-	14	17
Interest on Investments		3		3	-
Investment redemption		71		71	
Total Receipts		88	-	88	17
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	0	0
Surplus / (Deficit) for Year		88	-	88	17

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.


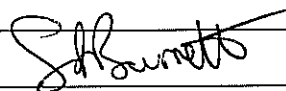


Miss Annie Dickson Burgh Bequest
Statement of Balances as at 31 March 2015

	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Cash and Bank Balances	6						
Opening Balances		1,084	2,948	4,032	1,067	2,948	4,015
Surplus for year		88	-	88	17	-	17
Closing Balances		1,172	2,948	4,120	1,084	2,948	4,032
Investments	8						
Market Value		-	-	-	71	-	71
Cost		-	-	-	71	-	71

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	TRUSTEE	Honorary Treasurer
Date:	25/09/15	25/09/15



Miss Annie Dickson Burgh Bequest

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £17 (2013/14 £17) from deposits with Argyll & Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil).

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

8. Investments

The charity held a £71 UK Government bond which was redeemed during 2014/15. The market value of this bond at 1 February 2015 was £71 (2014: £69). The interest rate at 1st February 2015 was 2%.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Misses MacGillivray Trust

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015

Misses MacGillivray Trust
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Misses MacGillivray Trust

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2014.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Misses MacGillivray Trust
Charity Number:	SC019593
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald Macmillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

Misses MacGillivray Trust**Trustees' Annual Report – For the Year ended 31 March 2015**

Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

A bequest of £100 each was made by Jessie D MacGillivray, Anne I MacGillivray and Margaret G MacGillivray, in 1951 to Argyll County Council. Noted in the minutes of the Finance Committee of Argyll County Council on 9 January 1952.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

Misses MacGillivray Trust**Trustees' Annual Report – For the Year ended 31 March 2015****Organisational Structure**

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council. There is an investment of £100 in a local bond (see note 8). For the balance of the funds the charity receives interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The object of the fund is for the benefit of any sick or poor persons in the Parish of Kilninver and Kilmelford. The charity makes grants in accordance with this object.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW**Overview**

The trust is dormant. Income during 2014/15 came from interest from deposits with Argyll and Bute Council of £2 (2013/14: £2) and local bond interest of £1 (2013/14: £1). The trust held cash and bank of £637 as at 31 March 2015 (2014: £634) and a local bond of £100 (2013: £100).



Misses MacGillivray Trust

Trustees' Annual Report – For the Year ended 31 March 2015

Reserves Policy

The unrestricted free reserves at the financial year-end were £337 (2013: £334). This includes cash and bank only repayable on demand. The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing documents or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations. At the Council meeting on 24th April 2015 final authorisation was given to transfer the funds to the Hope Kitchen, Oban SC041770.

CONCLUSION

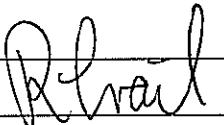
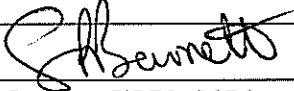
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Misses MacGillivray Trust

Independent Auditor's Report



Independent auditor's report to the trustees of the Misses MacGillivray Trust and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Misses MacGillivray Trust for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date

**Misses MacGillivray Trust
Independent Auditor's Report**



- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Misses MacGillivray Trust

Statement of Receipts and Payments – For the Year ended March 2015



Receipts and Payments Account for the Year Ended 31 March 2015

	<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEPTS					
Income from investments other than land and buildings	4	3	-	3	3
Total Receipts		3	-	3	3
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	-	-
Surplus / (Deficit) for Year		3	-	3	3

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.

Misses MacGillivray Trust

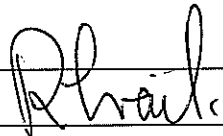
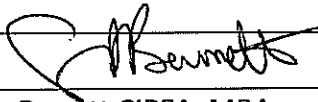
Statement of Balances as at 31 March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Cash and Bank Balances	6						
Opening Balances		334	300	634	331	300	631
Surplus for year		3	-	3	3	-	3
Closing Balances		337	300	637	334	300	634
Investments	8						
Market Value		100	-	100	100	-	100
Cost		100	-	100	100	-	100

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



Misses MacGillivray Trust

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £2 (2013/14: £2) from deposits with Argyll and Bute Council and also local bond interest of £1 (2013/14: £1). All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

8. Investments

The charity holds a three-year fixed term deposit £100 local bond from Argyll and Bute Council, repayable on 30 September 2015. The rate is 0.87%. This is continuation of historic practice.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



Logie Baird Prize Fund

AUDITED

Annual Report and Financial Statements

2014-2015

For the Year ended 31 March 2015

**Logie Baird Prize Fund
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Logie Baird Prize Fund

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Logie Baird Prize Fund
Charity Number:	SC018698
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8TL
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert Macintyre

Logie Baird Prize Fund**Trustees' Annual Report – For the Year ended 31 March 2015**

Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

Ex-Bailie J. Arnold Fleming of Locksley, Helensburgh, invested the sum of £200 in the names of the Provost, Magistrates and Councillors of the Burgh of Helensburgh, for the Logie Baird Prize Fund. Noted in the minutes of the Town Council of Helensburgh, January 1956.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.



Logie Baird Prize Fund

Trustees' Annual Report – For the Year ended 31 March 2015

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are deposited with Argyll and Bute Council and receive interest at the average market rate for the Council's borrowing. The interest received from Argyll and Bute Council is shown in the Statement of Receipts and Payments.

OBJECTIVES AND ACTIVITIES

The objective of the fund is for the advancement of education by providing an annual prize to a pupil at Hermitage Academy, Helensburgh.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.

FINANCIAL REVIEW

Overview

The trust is dormant. The only source of income during 2014/15 came from interest from deposits with Argyll and Bute Council of £7 (2013/14: £7). The trust had cash and bank of £1,908 as at 31 March 2015 (2014: £1,901).



Logie Baird Prize Fund

Trustees' Annual Report – For the Year ended 31 March 2015

Reserves Policy

The unrestricted free reserves in cash and bank at the financial year-end were £1,708 (2014: £1,701). The Trust has no explicit reserves policy, but the "capital" of the fund (as identified from the governing document or available evidence) is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trust.

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION

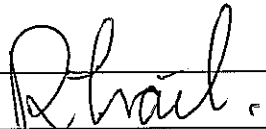
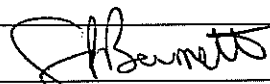
The charity did not undertake any activities during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

Logie Baird Prize Fund

Independent Auditor's Report



Independent auditor's report to the trustees of the Logie Baird Prize Fund and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Logie Baird Prize Fund for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2015 and its statement of balances at that date
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.



**Logie Baird Prize Fund
Independent Auditor's Report**

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow,
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Logie Baird Prize Fund

Statement of Receipts and Payments – For the Year ended March 2015



Receipts and Payments Account for the Year Ended 31 March 2015

	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
RECEIPTS					
Income from investments other than land and buildings	4	7	-	7	7
Total Receipts		7	-	7	7
PAYMENTS					
Charitable Activities - Grants and donations	5	-	-	-	-
Total Payments		-	-	-	-
Surplus / (Deficit) for Year		7	-	7	7

All income in 2015 and 2014 relates to unrestricted funds.

The notes on page 10 form an integral part of these accounts.

Logie Baird Prize Fund

Statement of Balances as at 31 March 2015

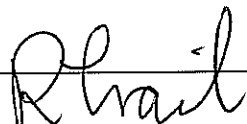
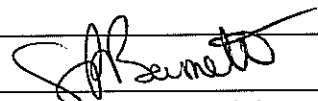


Statement of Balances as at 31 March 2015

<i>Note</i>	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Cash and Bank Balances 6						
Opening Balances	1,701	200	1,901	1,694	200	1,894
Surplus for year	7	-	7	7	-	7
Closing Balances	1,708	200	1,908	1,701	200	1,901

The notes on page 10 form an integral part of these accounts.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



Logie Baird Prize Fund

Notes to the Accounts

1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).

(b) The trust received interest of £7 (2014: £7) from Argyll & Bute Council. All transactions incoming and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Grants

In the year to 31 March 2015, there were no grants made.

6. Cash and Bank Balances

During the year the trust balances were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trust for this administration. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on balances.

7. Changes to the Accounts

The comparative figures in the Statement of Balances have been restated to distinguish endowment funds separately.

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



McCaig Trust

AUDITED

Annual Report and Financial Statements 2014-2015

For the Year ended 31 March 2015

Scottish Charity Number: SC019599

McCaig Trust
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McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	McCaig Trust
Scottish Charity Number:	SC019599
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean from 23/10/14 Councillor James McQueen Councillor John McAlpine Councillor John Armour from 11/12/14 Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2015



Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

Toward the cost of library and institute, Oban

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

McCaig Trust**Trustees' Annual Report – For the Year ended 31 March 2015****Organisational Structure**

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust at no cost to the Trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The Section 95 Officer of the Council (Head of Strategic Finance) is responsible for securing the proper management of the investments of the trust. The day-to-day management of investments is performed by external investment managers under a discretionary agreement.

OBJECTIVES AND ACTIVITIES

The object of the fund is to contribute towards the cost of a library and institute in Oban.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were no grants made.



McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2015

FINANCIAL REVIEW

Investments and Reserves

The funds increased by £2,977 (2014 - £304). The reserves of the trust at 31 March 2015 amount to £83,602, £48,464 in unrestricted (revenue) funds and £35,138 in endowment (capital) funds. These funds are invested as follows:

	31 March 2015	31 March 2014
	£	£
Local Government Bonds	7,600	7,600
Government Bonds	6,007	6,083
Stocks and Shares	21,531	20,777
Cash in Investment Portfolio	-	-
Investments in Endowment Funds	35,138	34,460
Debtor Barclays Wealth Undistributed Income	79	91
Creditor Audit Scotland Audit Fee	-	-
Cash and Bank - Argyll & Bute Council	48,385	47,175
Current Assets in Unrestricted Funds	48,464	47,266
Total Funds	83,602	81,726

Over the year, the value of investments increased from £34,460 to £35,138. The stockbrokers, Barclays Wealth, did not buy or sell any shares during the year therefore the cash holding remained at £nil. An investment gain of £678 brings the investments in the financial statements to market value on 31 March 2015.

The change in cash balances from £47,175 to £48,385 is due to investment income receivable of £1,313 less investment management costs paid by cheque of £103

Reserves Policy

Unrestricted free reserves at 31 March 2015 were £48,464. The Trust has no explicit reserves policy, but the endowment funds of the trust are held for capital growth and to provide an annual income. Income only from the investments may be distributed on an annual basis to ensure that the original funds grow over time. No specific targets have been set for either the endowment or unrestricted funds. Any unspent income is held in the unrestricted funds.

Income and Expenditure

The Statement of Financial Activities on page 9 provides an analysis of the income and expenditure for the twelve months to 31 March 2015.

Income for the year amounted to £1,313 (2014 £1,236). Expenditure was incurred on stockbrokers' fees of £103 (2014 £58). An unrealised "paper" gain of £678 (2014 £227) was recognised for changes in the market value of investments.

McCaig Trust

Trustees' Annual Report – For the Year ended 31 March 2015

**FUTURE PLANS**

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

CONCLUSION

The reserves of the trust increased by £2,977 in the year.

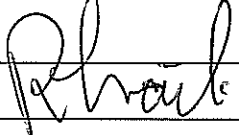
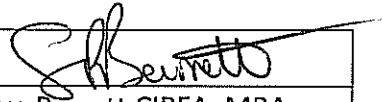
The trust made no awards during the year.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



McCaig Trust

Independent Auditor's Report

Independent auditor's report to the trustees of the McCaig Trust and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the McCaig Trust for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of the financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

McCaig Trust
Independent Auditor's Report



give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.



McCaig Trust

Statement of Financial Activities – For Year ended March 2015

	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income from managed funds	5	1,135	-	1,135	1,073
Interest from short-term deposits		166	-	166	163
Total Incoming Resources		1,301	-	1,301	1,236
RESOURCES EXPENDED					
Costs of generating funds:					
Investment management costs	6	103	-	103	58
Audit Fee	7				-
Charitable Activities:					
Grants awarded	8		-	-	-
Total Resources Expended		(103)	-	(103)	58
Net incoming/(outgoing) resources before other recognised gains/(losses)		1,198	-	1,198	1,178
OTHER RECOGNISED GAINS AND (LOSSES)					
Gains/(losses) on investment assets					
Realised gains/(losses)	9	-	-	-	-
Unrealised gains/(losses)			678	678	227
Total Gains and (Losses) on Investment Assets		-	678	678	227
Net Movement in Funds		1,198	678	1,876	1,405
Total funds brought forward	10	47,266	34,460	81,726	80,321
Total funds carried forward		48,464	35,138	83,602	81,726

All incoming resources and resources expended derive from continuing activities.

The notes on pages 11 to 14 form an integral part of these accounts.

McCaig Trust
Balance Sheet as at 31 March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Fixed Assets							
Investments	10	-	35,138	35,138	-	34,460	34,460
Total Fixed Assets		-	35,138	35,138	-	34,460	34,460
Current Assets							
Debtors	12	79		79	91		91
Cash at Bank and at Hand	11	48,385		48,385	47,175	-	47,175
Total Current Assets		48,464	-	48,464	47,266	-	47,266
Current Liabilities							
Creditor	7	0		0	0		0
Total Current Assets		0	-	0	-	-	-
Net Assets		48,464	35,138	83,602	47,266	34,460	81,726
Funds of the Charity							
Unrestricted Funds	13	48,464	-	48,464	47,266		47,266
Endowment Funds		-	35,138	35,138		34,460	34,460
Total Funds		48,464	35,138	83,602	47,266	34,460	81,726

The notes on pages 11 to 14 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15



McCaig Trust

Notes to the Financial Statements

1. Basis of Preparation

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with:

- a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 - 2nd Edition); and the Financial Reporting Standard for Smaller Entities (FRSSE) (Effective April 2008)
- b) The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Accounting Policies

2.1. Form of Financial Statements

- a) Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity.
- b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

2.2 Incoming Resources

- a) All incoming resources are recognised and included in the Statement of Financial Activities when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources and the monetary value can be measured with sufficient reliability. The following specific policies are applied to particular categories of income.
- b) Income from investments is included in the year to which it relates.
- c) Investments gains and losses includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.
- d) The value of the services provided free of charge by Argyll & Bute Council has not been included in the accounts but is described in the trustees' annual report.

2.3 Resources Expended

- a) All expenditure is included in the Statement of Financial Activities on an accrual basis and is recognised when there is a legal or constructive obligation to pay out resources.

2.4 Investments

- a) Investments held as fixed assets quoted on a recognised stock exchange are valued at mid-market value at the balance sheet date.
- b) Barclays Wealth manages the investment portfolio of the trust under a discretionary agreement.

McCaig Trust

Notes to the Financial Statements

**3. Taxation**

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

- (a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014: Nil).
- (b) The trust received interest of £166 (2013/14 £163) from Argyll & Bute Council on unrestricted reserves placed on short-term deposit with them and also local bond interest of £78 (2013/14: £78). All transactions incoming and outgoing are made via the Council's accounts.
- (c) There were no other transactions between the charity and any trustee or any connected person during the year (2014: Nil)

5. Investment Income

	Unrestricted Funds £	Permanent Endowment Fund £	Total Funds 2015 £	Total Funds 2014 £
Dividends and Interest from Investments	1,057	-	1,057	995
Income from Local Government Bond	78	-	78	78
Interest on Short-term deposits with Argyll and Bute Council	166	-	166	163
Total Investment Income	1,301	-	1,301	1,236

6. Investment Management Costs

In the year to 31 March 2015 investment management fees of £103 (2014 - £58) were paid to Barclays Wealth. Broking costs associated with the sale of an investment are deducted from the proceeds available to reinvest under the arrangement with the Stockbroker and are normally fully charged to the "capital" permanent endowment funds. In 2014-2015, because no purchases or sales were made, the fees of £103 were met from unrestricted funds.

7. Independent Auditors Report.

The independent auditor's fee is not charged to the charity.

8. Grants Awarded

During the year to 31 March 2015 no grants were awarded.

9. Gains and Losses on Investment Assets

No shareholdings were bought or sold during the year. A "paper" gain of £678 was recognised on changes in the market value of investments (see note 10) and is an unrealised revaluation gain.

McCaig Trust
Notes to the Financial Statements



10. Fixed Asset Investments

	Total
	£
Carrying (market) value at 1 April 2014	34,460
Add/(deduct): net gain/loss on revaluation	678
Add/(deduct): change in uninvested cash balance in Capital Account	0
Carrying (market) value at 31 March 2015	35,138

Analysis of Investments

Investments listed on recognised stock exchange	27,538
Local Government Bonds	7,600
Cash held as part of the investment portfolio	0
Total	35,138

The charity holds two three-year fixed term deposit local bonds from Argyll & Bute Council, one for £7,000 with a rate of 1.02% repayable on 30 September 2015, and the other for £600 with a rate of 1.08% repayable on 31 March 2015 in a continuation of historic practice.

An analysis of the net assets between funds for current and comparative figures is provided in the balance sheet.

Material Investment Holdings

The following investments are worth more than 10% of the charity's total investments:

- Schroder Unit TST Strategic Credit A Inc (£3,801)
- Aberdeen UK Track ORD GBP0.10 (£6,140)
- For & Col Inv TST Ord (£4,425)
- Martin Currie Equity (£4,068)
- Veritas Funds plc Equity (£5,035)

McCaig Trust
Notes to the Financial Statements



11. Cash and Bank Balances

	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds £
Short-term deposits with Argyll and Bute Council:			
Carrying value at 1 April 2014	47,175	-	47,175
Add: lodgements during year	1,313	-	1,313
(Deduct): withdrawals during year	(103)	-	(103)
Carrying value at 31 March 2015	48,385	-	48,385

During the year the above short term deposits were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. No costs were incurred by the trust for this work. The balances are repayable on demand. Interest is payable on balances.

12. Debtors: Amounts Falling Due within One Year

Debtors at 31 March 2015 were £78 (2014 - £91) and relate to undistributed dividends and interest in the revenue account held by the stockbroker.

13. Movement in Funds

	At 1 April 2014 £	Incoming Resources £	Outgoing Resources	Transfers	Gains/ Losses £	At 31 March 2015 £
Unrestricted Revenue Funds	46,165	2,402	(103)	-	-	48,464
Permanent Endowment Funds	34,460	-	0	-	678	35,138
Total Funds	80,625	2,402	(103)	-	678	83,602

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid



**County of Argyll Educational Trust
Scheme, 1960**

AUDITED

**Annual Report and Financial Statements
2014-2015**

For the Year ended 31 March 2015



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County of Argyll Educational Trust Scheme, 1960

Trustees' Annual Report – For the Year ended 31 March 2015



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	County of Argyll Educational Trust Scheme, 1960
Scottish Charity Number:	SC020382
Principal Office:	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
Current Trustees:	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald MacMillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor Iain Stewart MacLean Councillor James McQueen Councillor John McAlpine Councillor John Armour Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Neil MacIntyre Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert MacIntyre

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2015



Current Trustees continued:	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
Other Trustees who served during the year:	Councillor John Semple (resigned September 2014) Councillor Louise Glen-Lee (resigned May 2014)
Honorary Secretary:	Douglas Hendry Director of Customer Services Argyll and Bute Council
Honorary Treasurer:	Steve Barrett Head of Strategic Finance Argyll and Bute Council
Independent Auditor:	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 th Floor, 8 Nelson Mandela Place Glasgow G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Trust is a scheme under the Education (Scotland) Acts, 1939 to 1956, for the future government and management of certain educational endowments in the County of Argyll. Formed by the amalgamation of fourteen individual endowments and approved by His Late Majesty King George V in Council on 24th July, 1933.

Robert MacFie of Airs and Oban, sugar refiner in Liverpool, died 1899. Will confirmed and recorded in 1899 bequest £150.

Appointment of Trustees

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2015



Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

Related Parties

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust at no cost to the trust.

Risk Management

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. The investment approach is a moderate risk tolerance with a balanced portfolio to achieve the primary objectives of capital growth and income for awards. In this way, the capital and income stream for the future benefit of the trust is protected.

The Section 95 Officer of the Council (Head of Strategic Finance) is responsible for securing the proper management of the investments of the trust. The day-to-day management of investments is performed by an external firm of stockbrokers under a discretionary agreement.

OBJECTIVES AND ACTIVITIES

The object of the fund is for the advancement of education for children and young people within the former County of Argyll. This object is met by the issuing of grants to individuals and organisations.

Robert MacFie - The objective of the fund is for the advancement of education by providing a gold Dux medal to Oban High School

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015, there were grants made as detailed in note 8 to the financial statements to schools and individuals across Argyll totalling £3,445 (2014 - £2,150).

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2015



FINANCIAL REVIEW

Investments and Reserves

The funds increased by £24,904 (2014 - £19,305). Just over half of this increase was due to unrealised "paper" gains at the year-end. The reserves amount to £448,733; £113,442 in unrestricted funds and £335,291 in permanent endowment funds. These funds are held as follows:

	31 March 2015	31 March 2014
	£	£
Stocks and Shares	240,483	229,364
Government Bonds	21,568	21,958
Corporate Bonds	-	9,289
Bond Funds	57,503	56,469
Cash in Investment Portfolio	15,737	7,740
Investments in Endowment Funds	335,291	324,820
Debtor Barclays Wealth Undistributed income	1,096	2,935
Creditor Audit Scotland Audit Fee	-	5,770
Cash and Bank - Argyll & Bute Council	112,346	101,844
Current Assets in Unrestricted Funds	113,442	99,009
Total Funds	448,733	423,829

Over the year, the value of investments increased by £10,471 from £324,820 to £335,291. The stockbrokers, Barclays Wealth, sold investments that cost £8,782; and increased the cash holding by £7,997 an overall decrease of £785. A revaluation gain of £12,370 brings the investments in the financial statements to market value at 31 March 2015.

The increase in cash and bank from £101,844 to £112,346 is due to investment income receivable of £13,947 less grants paid of £3,445.

Reserves Policy

Unrestricted free reserves at 31 March 2015 were £113,442. The Trust has no explicit reserves policy, but the "capital" of the trust is held effectively as a permanent endowment for capital growth and to provide an annual income. Income only from the investments may be distributed on an annual basis to ensure that the original funds grow over time. No specific targets have been set. Any unspent income net of all expenses is held in the unrestricted funds and is available for the objectives of the trust.

County of Argyll Educational Trust Scheme, 1960
Trustees' Annual Report – For the Year ended 31 March 2015



Income and Expenditure

The Statement of Financial Activities on page 9 provides an analysis of the income and expenditure for the twelve months to 31 March 2015.

Income for the year amounted to £17,878 (2014 - £13,997). Expenditure was incurred on stockbrokers' fees of £1,899 (2014 - £1,159) and grants awarded of £3,445 (2014 - £2,150). A gain of £458 (2014 - £93) was realised on shareholdings sold during the year and an unrealised "paper" gain of £11,912 (2014 - £14,295) was recognised for changes in the market value of investments

FUTURE PLANS

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations. . Some of the proposals for reorganisation being considered by trustees involve some smaller charitable trusts of the council being wound up and merged into the Educational Trust Scheme. Approval from OSCR has already been received and the Robert MacFie's Trust has been amalgamated with this trust:

CONCLUSION

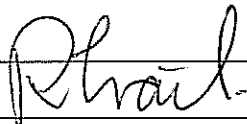
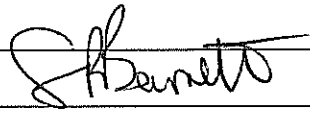
The reserves of the trust increased by £24,904, just under half of which was due to "paper" gains on bonds and shares. The trust made 22 awards with total value of £3,445. The trust is well placed to continue to deliver its charitable objects for the foreseeable future.

Since 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

DECLARATION

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

County of Argyll Educational Trust Scheme, 1960
Independent Auditor's Report



Independent auditor's report to the trustees of the Argyll Educational Trust Scheme and the Accounts Commission for Scotland.

I certify that I have audited the financial statements of the Argyll Educational Trust for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of the financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

County of Argyll Educational Trust Scheme, 1960
Independent Auditor's Report



give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
 have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Fiona Mitchell-Knight

Fiona Mitchell-Knight
 Assistant Director, Audit Services
 Audit Scotland
 4th Floor, The Athenaeum Building
 8 Nelson Mandela Place
 Glasgow
 G2 1BT

25 September 2015

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

County of Argyll Educational Trust Scheme, 1960
Statement of Financial Activities – for the Year ended March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income from managed funds	5	11,751		11,751	13,672
Interest from short-term deposits		357	-	357	325
Reimbursement of Audit Fee		5,770		5,770	
Total Incoming Resources		17,878	-	17,878	13,997
RESOURCES EXPENDED					
Costs of generating funds:					
Investment management costs	6	-	1,899	1,899	1,159
Audit fee	7	-	-	-	5,770
Charitable Activities:					
Grants awarded	8	3,445	-	3,445	2,150
Total Resources Expended		3,445	1,899	5,344	9,079
Net Incoming/(Outgoing) Resources before Other Recognised Gains/(Losses)		14,433	(1,899)	12,534	4,918
OTHER RECOGNISED GAINS AND (LOSSES)					
Gains and (losses) on investment assets					
Realised gains/(losses)	9		458	458	93
Unrealised gains/(losses)			11,912	11,912	14,295
Total Gains and (Losses) on Investment Assets		-	12,370	12,370	14,388
Net Movement in Funds		14,433	10,471	24,904	19,306
Total funds brought forward	10	99,009	324,820	423,829	404,523
Total funds carried forward		113,442	335,291	448,733	423,829

All incoming resources and resources expended derive from continuing activities.

The notes on pages 11 to 14 form an integral part of these accounts.

County of Argyll Educational Trust Scheme, 1960

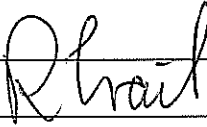
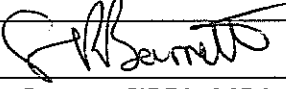
Balance Sheet as at 31 March 2015



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2015 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £
Fixed Assets							
Investments	10	-	334,488	334,488	-	324,820	324,820
Total Fixed Assets		-	334,488	334,488	-	324,820	324,820
Current Assets							
Debtors	12	1,096	803	1,899	2,935	-	2,935
Cash at Bank and at Hand	11	112,346	-	112,346	101,844	-	101,844
Net Current Assets		113,442	803	114,245	104,779	-	104,779
Current Liabilities							
Creditors		-	-	-	5,770	-	5,770
Total Current Liabilities		-	-	-	5,770	-	5,770
Net Assets		113,442	335,291	448,733	99,009	324,820	423,829
Funds of the Charity							
Unrestricted Funds	13	113,442	-	113,442	99,009	-	99,009
Endowment Funds		-	335,291	335,291	-	324,820	324,820
Total Funds		113,442	335,291	448,733	99,009	324,820	423,829

The notes on pages 11 to 14 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 25th September 2015 and signed on their behalf by:

Signature(s):		
Full names(s):	RICHARD TRAIL	Steve Barrett CIPFA, MBA
Position:	Trustee	Honorary Treasurer
Date:	25/09/15	25/09/15

County of Argyll Educational Trust Scheme, 1960

Notes to the Financial Statements

**1. Basis of Preparation**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with:

- a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 - 2nd Edition); and the Financial Reporting Standard for Smaller Entities (FRSSE) (Effective April 2008)
- b) The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Accounting Policies**2.1 Form of Financial Statements**

- a) Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity.
- b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

2.2 Incoming Resources

- a) All incoming resources are recognised and included in the Statement of Financial Activities when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources and the monetary value can be measured with sufficient reliability. The following specific policies are applied to particular categories of income.
- b) Income from investments is included in the year to which it relates.
- c) Investments gains and losses includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.
- d) The value of the services provided free of charge by Argyll and Bute Council has not been included in the accounts but is described in the trustees' annual report.

2.3 Resources Expended

- a) All expenditure is included in the Statement of Financial Activities on an accrual basis and is recognised when there is a legal or constructive obligation to pay out resources.

2.4 Investments

- a) Investments held as fixed assets quoted on a recognised stock exchange are valued at mid market value at the balance sheet date.
- b) Barclays Wealth manages the investment portfolio of the trust under a discretionary agreement.

County of Argyll Educational Trust Scheme, 1960

Notes to the Financial Statements

**3. Taxation**

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

4. Trustee Remuneration, Expenses and Related Party Transactions

- (a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2014 - Nil).
- (b) The trust received interest of £357 (2014/15 - £325) from Argyll and Bute Council on unrestricted reserves placed on short-term deposit with them. All transactions incoming and outgoing are made via the Council's accounts.
- (c) There were no other transactions between the charity and any trustee or any connected person during the year (2014 - Nil)

5. Investment Income

	Unrestricted Funds £	Permanent Endowment Fund £	Total Funds 2015 £	Total Funds 2014 £
Dividends and Interest from UK Listed Investments	11,751	-	11,751	13,672
Interest on Short-term deposits with Argyll and Bute Council	357	-	357	325
Total Investment Income	12,108	-	12,108	13,997

6. Investment Management Costs

In the year to 31 March 2015 investment management fees of £1,899 (2014 - £1,159) were paid to Barclays Wealth. Broking costs associated with the sale of an investment are deducted from the proceeds available to reinvest under the arrangement with the Stockbroker and are charged to the "capital" permanent endowment funds.

7. Independent Auditor's Report.

The independent auditor's fee is not charged to the Charity

County of Argyll Educational Trust Scheme, 1960
Notes to the Financial Statements



8. Grants Awarded

During the year to 31 March 2015 £3,445 of grants were awarded in accordance with the trust's objective of the advancement of education for children and young people within the former County of Argyll. Of this amount, £1,875 was awarded to 13 individuals and £1,570 to the following institutions:

Name of Institution	Purpose	Total Paid £
Barcaldane Primary School	Outdoor Activities	120
Dunoon Grammar School	4 x Educational Visits	700
Castlehill Primary School	Residential Visit	150
Dunbeg Primary School	Residential Visit	150
Tobermory High School	Educational Trip	100
Southend Primary School	Educational Trip	350
Total		1,570

9. Gains and Losses on Investment Assets

Shareholdings that cost £8,782 were sold for £9,240 to give a realised gain of £458. A "paper" gain of £11,912 was recognised on changes in the market value of investments (see note 10) and is an unrealised revaluation gain.

10. Fixed Asset Investments

	Narrow Range £	Wider Range £	Total £
Carrying (market) value at 1 April 2014	87,566	229,364	316,930
Add: additions to investments at cost	-	656	656
Add: Government Bond transferred from McFies Trust	150	-	150
(Less): disposals at cost			
Add/(deduct): net gain/(loss) on revaluation	(8,782)	-	(8,782)
Change in uninvested cash balance in Capital Account	136	10,463	10,599
Carrying (market) value at 31 March 2015	79,070	240,483	319,553

Analysis of Investments

Investments listed on recognised stock exchange	69,521	234,144	303,665
Add: Government Bond transferred from McFies Trust	150	-	150
Cash held as part of the investment portfolio	9,399	6,339	15,738
Total	79,070	240,483	319,553

Material Investment Holdings

There are no investments worth more than 10% of the charity's total investments.

County of Argyll Educational Trust Scheme, 1960
Notes to the Financial Statements



11. Cash and Bank Balances

	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds £
Short-term deposits with Argyll and Bute Council:			
Carrying value at 1 April 2014	101,844	-	101,844
Add: lodgements during year	13,947	-	13,947
(Less): withdrawals during year	(3,445)	-	(3,445)
Cash and Bank at 31 March 2015	112,346	-	112,346

During the year the above short term deposits were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. No costs were incurred by the trust for this work. The balances are repayable on demand. Interest is payable on balance.

12. Debtors: Amounts Falling Due within One Year

Debtors at 31 March 2015 were £1,899 (2014 - £2,935) and relate to undistributed dividends and interest in the revenue account held by the stockbroker.

13. Movement in Funds

	At 1 April 2014 £	Incoming Resources £	Outgoing Resources	Transfers	Gains/ Losses £	At 31 March 2015 £
Unrestricted Revenue Funds	99,009	17,878	(3,445)	-		113,442
Permanent Endowment Funds	324,820		(1,899)		12,370	335,291
Total Funds	423,829	17,878	(5,344)	-	12,370	448,733

14. Investments

The charity holds a £150 UK Government bond. The market value of this bond at 31 March 2015 was £150 (2014: £121). The interest rate at 21st March 2015 was 1.75%.

Oban Common Good Fund
Audited Trustees' Report and Financial
Statements
For the Year ended 31 March 2015

Oban Common Good Fund

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Balance sheet	8
Notes to the financial statements	9 - 14

Oban Common Good Fund

Legal and administrative information

Charity number	SC021328
Business address	Argyll & Bute Council Area Office Lorn House Albany Street Oban PA34 4AW
Trustees	Councillor Elaine Robertson Councillor Iain MacDonald Councillor Alistair MacDougall Councillor Neil MacIntyre
	Appointed 22 May 2014
Secretary	Shirley MacLeod, Area Governance Manager
Auditors	Audit Scotland 8 Nelson Mandela Place Glasgow G2 1BT
Investment Advisors	Barclays Wealth Aurora Building 120 Bothwell Street Glasgow G2 7JT

Oban Common Good Fund

Report of the trustees for the year ended 31 March 2015

The trustees present their report and the financial statements for the year ended 31 March 2015. The trustees who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

Legal and Administrative Status

The Oban Common Good Fund is regulated by the Local Government Scotland Act 1973. It is registered as a charity in Scotland, and is recognised as a charity for taxation purposes by HM Revenue & Customs.

Recruitment and appointment of Management Committee

The management committee now consists of four councillors who represent the two wards of Oban.

The councillors are charity trustees for the purposes of charity law and are replaced by their successors during each local government election.

Trustee induction and training

Most councillors are already familiar with the work of the charity and attend an introductory meeting with those councillors who continue as trustees to introduce the most recent work of the charity and to introduce current objectives and plans.

Organisational Structure

The trustees meet on a quarterly basis to review grant applications and monitor the fund's financial position. The trustees use an agreed distribution policy in order to determine the approval and level of grant assistance made available to the applicant. Approval for grants over £5,000 requires the agreement of all trustees.

The trustees delegate day-to-day responsibility for the running of the fund to the secretary and fund administrators. The fund administrators are appointed following a tendering process and the current administrators are R A Clement Associates, Chartered Accountants.

Risk Management

The trustees have assessed the major risks to which the charity is exposed, and in particular those related to the finance of the fund, and are satisfied that systems are in place to mitigate exposure to the major risks.

Objectives and activities

The fund consists of a Revenue Account and a Capital Account, with the Capital Account being held in perpetuity with no distribution permitted therefrom without the prior consent of Argyll & Bute Council as parent body.

The Revenue Account represents income available for distribution and the Capital invested in perpetuity derives an annual investment income which is available for distribution annually once associated fund costs have been accounted for.

The objectives are to administer the fund having regard to the interests of the inhabitants of the town of Oban. A comprehensive distribution policy provides a framework for grant distributions.

Achievements and performance

The Fund agreed the distribution of £34,296 in grants as detailed at Note 3 on page 10 of the financial statements. Projects supported covered a wide spectrum of community activity in Oban arts, sports, economic development and cultural heritage. In the current climate of severe public finance constraints the Trustees recognise that there will be substantial pressures placed on the Fund in terms of the number of applications, which must be balanced against the income to the Fund, which is subject to the vagaries of the stock market. In terms of this latter issue the Trustees would wish to express their gratitude to the Fund's Investment Brokers for their diligence.

Oban Common Good Fund

Report of the trustees for the year ended 31 March 2015

Financial review

Investment policy

An independent stockbroker, Barclays Wealth, manages the portfolio of invested revenue and capital funds. Any excess funds in the commercial current account are invested on a regular basis using a mirrored deposit account.

Reserves policy

The Oban Common Good Fund invests the capital account in perpetuity in order to generate investment income to distribute annually. The balance of undistributed funds in any year is maintained in a revenue account. This can be used to increase the capital account value where the return from the capital account investments shows signs of diminishing in real term value due to the economic climate.

Stated including the revaluation reserve, the restricted (Investment/Capital) Funds amount to £4,901,599 and the unrestricted (Income/Revenue) Funds amount to £350,278 at 31 March 2015. Included within capital funds is property with a Net Book Value of £3,873,240.

In conjunction with Barclays Wealth, the portfolio has been split between Capital and Revenue and furthermore by narrower and wider investments from 31st March 2010.

The basis of the allocation has been as follows. All narrower range investments are held in the Capital Fund; the wider range of investments were allocated pro-rata based on the original cost figures at 31 March 2002 of the Revenue and Capital funds after first taking account of the capital narrower range investments.

Statement as to disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Oban Common Good Fund

**Report of the trustees
for the year ended 31 March 2015**

Statement of trustees' responsibilities

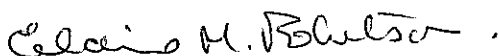
The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements the trustees are required to:

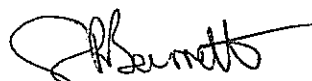
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the Local Government Scotland Act 1973. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and authorised for issue by the trustees on 25 September 2015 and signed on their behalf by



Elaine Robertson
Trustee



Steve Barrett
Honorary Treasurer

Oban Common Good Fund

Independent auditor's report to the trustees of Oban Common Good Fund and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Oban Common Good Fund for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of the financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Oban Common Good Fund

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.



Fiona Mitchell-Knight
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

25 September 2015

Oban Common Good Fund

Statement of financial activities

For the year ended 31 March 2015

	Notes	Revenue funds £	Capital funds £	2015 Total £	2014 Total £
Incoming resources					
Incoming resources from generating funds:					
Investment income	2	48,336	-	48,336	50,331
Total incoming resources		<u>48,336</u>	<u>-</u>	<u>48,336</u>	<u>50,331</u>
Resources expended					
Costs of generating funds:					
Investment management costs		5,451	-	5,451	2,588
Charitable activities		38,506	-	38,506	139,849
Governance costs	4	10	-	10	23
Depreciation	6	-	133,560	133,560	-
Total resources expended		<u>43,967</u>	<u>133,560</u>	<u>177,527</u>	<u>142,460</u>
Net incoming/(outgoing) resources before transfers					
		4,369	(133,560)	(129,191)	(92,129)
Transfer between funds		<u>1,217</u>	<u>(1,217)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		5,586	(134,777)	(129,191)	(92,129)
Other recognised gains and losses 11, 12					
Movement on Revaluation of assets - Capital					
		-	28,552	28,552	3,476,792
Realised Gains/(Losses) on investment assets		(474)	3,097	2,623	16,088
Movement on Revaluation of investment assets - Revenue fund					
		13,439	-	13,439	12,418
Net movement in funds		<u>18,551</u>	<u>(103,128)</u>	<u>(84,577)</u>	<u>3,413,169</u>
Total funds brought forward		<u>331,727</u>	<u>5,004,727</u>	<u>5,336,454</u>	<u>1,923,285</u>
Total funds carried forward		<u>350,278</u>	<u>4,901,599</u>	<u>5,251,877</u>	<u>5,336,454</u>

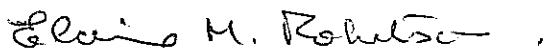
The notes on pages 9 to 14 form an integral part of these financial statements.

Oban Common Good Fund


Balance sheet
as at 31 March 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	6		3,873,240		4,006,800
Investments - wider & narrower range	7		1,327,384		1,283,845
Oban Livestock preference shares			20,000		20,000
			<u>5,220,624</u>		<u>5,310,645</u>
Current assets					
Debtors	8	-		324	
Cash at bank and in hand		31,253		26,045	
		<u>31,253</u>		<u>26,369</u>	
Creditors: amounts falling due within one year	9	-		(560)	
Net current assets			<u>31,253</u>		<u>25,809</u>
Net assets			<u>5,251,877</u>		<u>5,336,454</u>
Funds					
Capital funds	10		4,901,599		5,004,727
Unrestricted revenue funds			350,278		331,727
Total funds			<u>5,251,877</u>		<u>5,336,454</u>

Approved and authorised for issue by the trustees on 25 September 2015 and signed on their behalf by:



Elaine Robertson
Trustee



Steve Barrett
Honorary Treasurer

The notes on pages 9 to 14 form an integral part of these financial statements.

Oban Common Good Fund

Notes to financial statements for the year ended 31 March 2015

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Charities and Trustee Investment (Scotland) Act 2005.

1.2. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Income from investments is included in the year in which it is receivable.

1.3. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of property over the term of the lease with the current tenant as follows:

Land and buildings - Straight line over thirty years

1.5. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

A firm of investment managers advise on the investment of the charity's portfolio.

Oban Common Good Fund

Notes to financial statements
for the year ended 31 March 2015

2. Investment income

	Unrestricted funds £	2015 Total £	2014 Total £
Income from UK listed investments	48,179	48,179	50,255
Bank interest receivable	157	157	76
	<u>48,336</u>	<u>48,336</u>	<u>50,331</u>

3. Costs of charitable activities - by activity

	Grant funding activities £	Support costs £	2015 Total £	2014 Total £
Grants Awarded	34,296	4,210	38,506	31,010
Depreciation of building	-	-	-	108,839
	<u>34,296</u>	<u>4,210</u>	<u>38,506</u>	<u>139,849</u>

	£
Hogmanay in Oban - to underwrite shortfall	1,069
Oban Sailing Club - new training dinghy	2,327
Oban Winter Festival - to fund festival	3,000
Hogmanay in Oban - 2014 Hogmanay event	2,000
Friends of Oban Community Playpark - towards new Playpark	3,000
Oban Youth Cafe - Youth work running costs	2,000
Hogmanay in Oban - 2014 Hogmanay event	2,000
Oban Lorn Shinty Club - new sticks	2,000
Oban High School - New York Trip	2,500
West Highland Yachting week - race entry fees	2,000
Highland & Islands Dance Festival - online entry site	2,000
Oban Gaelic Choir - travel & accommodation	2,000
Lorn Ladies Shinty Club - helmets, sticks and balls	1,400
Oban Communities Trust - refurb of building for community use	5,000
The Argyllshire Gathering - cage for hammer throwing	1,500
Oban Fencing Club - electronic equipment	500
	<u>34,296</u>

Oban Common Good Fund

Notes to financial statements
for the year ended 31 March 2015

4. Governance costs

	Unrestricted funds £	2015 Total £	2014 Total £
Other charges	10	10	23
	<u>10</u>	<u>10</u>	<u>23</u>

5. Employees

Employment costs

No salaries or wages have been paid to employees, including the trustees, during the year.

No trustee received any remuneration, benefits in kind or reimbursement of expenses during the year.

Oban Common Good Fund

Notes to financial statements
for the year ended 31 March 2015

6. Tangible fixed assets	Land and buildings freehold	Total 2015
	£	£
Cost or valuation		
At 1 April 2014 and At 31 March 2015	4,006,800	4,006,800
Depreciation		
At 1 April 2014	-	-
Charge for the year	133,560	133,560
At 31 March 2015	133,560	133,560
Net book values		
At 31 March 2015	3,873,240	3,873,240
At 31 March 2014	4,006,800	4,006,800

Oban Common Good have leased the Oban Swimming Pool to Oban and Lorn Community Enterprise Ltd (OLCE) for a peppercorn rent. The Oban Common Good has classified this as an operating lease recognising the totality of the arrangement with OLCE -

- OLCE have since 1994, fundraised and built a multi-purpose sports facility to complement the original swimming pool.
- Argyll and Bute Council provide an annual operating subsidy, £453k in 2014/15, towards the running costs of the facility.
- At expiry of the lease in 2037, the facility will revert back in whole to the Oban Common Good.

The Oban Swimming Pool was transferred to the Oban Common Good in 1995 but only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. At that date, the building was transferred at a historic cost of £1,088,392 and accumulated depreciation of £424,323. The building was subsequently revalued by Argyll and Bute Council on 31 March 2014 on a Depreciated Replacement Cost basis.

Oban Common Good Fund

Notes to financial statements
for the year ended 31 March 2015

7. Fixed asset investments	Narrow range investments £	Cash held as part of investment portfolio £	Wider range & other investments £	Total £
Valuation				
At 1 April 2014	293,477	81,844	928,524	1,303,845
Additions	-	67,197	160	67,357
Disposals	(61,496)	(1,045)	(3,268)	(65,809)
Revaluations	(4,402)	-	46,393	41,991
At 31 March 2015	<u>227,579</u>	<u>147,996</u>	<u>971,809</u>	<u>1,347,384</u>
Historical cost as at 31 March 2015	<u>220,005</u>	<u>147,996</u>	<u>495,027</u>	<u>863,028</u>

All fixed asset investments are held within the United Kingdom.

8. Debtors	2015 £	2014 £
Other debtors	-	324

9. Creditors: amounts falling due within one year	2015 £	2014 £
Accruals and deferred income	-	560

10. Analysis of net assets between funds	Revenue Unrestricted funds £	Capital Restricted funds £	Total funds £
Fund balances at 31 March 2015 as represented by:			
Tangible fixed assets	-	3,832,591	3,832,591
Investment assets	319,025	1,028,359	1,347,384
Current assets	31,253	-	31,253
	<u>350,278</u>	<u>4,860,950</u>	<u>5,211,228</u>

Oban Common Good Fund

Notes to financial statements
for the year ended 31 March 2015

11. Unrestricted funds	At 1 April 2014 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 31 March 2015 £
Revenue Funds	<u>331,727</u>	<u>48,336</u>	<u>(43,967)</u>	<u>1,217</u>	<u>12,965</u>	<u>350,278</u>

12. Restricted funds	At 1 April 2014 £	Outgoing resources £	Transfers £	Gains and losses £	At 31 March 2015 £
Investment Funds	997,927	-	(1,217)	31,649	1,028,359
Oban Swimming Pool	4,006,800	(133,560)	-	-	3,873,240
	<u>5,004,727</u>	<u>(133,560)</u>	<u>(1,217)</u>	<u>31,649</u>	<u>4,901,599</u>

Purposes of restricted funds

The Oban Swimming Pool asset was transferred to the Common Good Fund in 1995, but was only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. In the year to 31 March 2014, the entire Atlantis Leisure facility was recognised in the Balance Sheet.



Argyll and Bute Council

Annual audit report to
Members and the
Controller of Audit

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

The Accounts Commission has appointed Fiona Mitchell-Knight as the external auditor of Argyll and Bute Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of Argyll and Bute Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

 <p>Audit of financial statements</p>	<ul style="list-style-type: none">• Unqualified auditor's report on the 2014/15 financial statements• Unqualified auditor's reports on the 10 charitable trusts administered by the council.
 <p>Financial management and sustainability</p>	<ul style="list-style-type: none">• Financial management has been effective in 2014/15. The council reported an underspend against budget of £2.072 million• Total usable reserves have increased to £50.478 million• Revised financial forecasts estimate required savings of between £21.7 million and £26.0 million over the next five years.• Members have agreed to move forward with overall savings targets of around £9 million in both 2016/17 and 2017/18 to meet the estimated budget gap for these two years. Detailed proposals will be presented in October 2015 to allow recommendations to be made to Council• The council estimate that management/operational savings already identified and the policy option savings progressing through the service choices process, will deliver proposals for savings in excess of target.

 <p>Governance and transparency</p>	<ul style="list-style-type: none"> • Governance arrangements are generally sound but some improvements are in progress relating to asset management and disposals • Key financial controls operated effectively during 2014/15 • Our review of the council's commissioning process on behalf of the local ADP identified a number of significant findings and recommendations which are being actioned • The council has an effective internal audit function and sound anti-fraud arrangements.
 <p>Best Value</p>	<ul style="list-style-type: none"> • Best Value audit work is ongoing at the council to consider progress in the areas highlighted by the Accounts Commission in its July 2014 findings • The Controller of Audit is due to report progress against previous findings to the Accounts Commission by the end of 2015 • The council is generally meeting its requirement to report publicly on its performance.
 <p>Outlook</p>	<ul style="list-style-type: none"> • Delivering services within constrained budgets will require robust financial planning and budget monitoring arrangements • The council's regular review of performance, and implementing the corporate improvement strategy will be critical to the council continuing to achieve its key priorities and achieving best value • Any areas for improvement identified in the Best Value audit, to be completed by the end of 2015, will provide a focus for the council.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of Argyll and Bute Council. The report is divided into sections which reflect our public sector audit model.
2. The management of Argyll and Bute Council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of Argyll and Bute Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that Argyll and Bute Council understands its risks and has arrangements in place to manage these risks. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

<p>Audit opinion</p>	<ul style="list-style-type: none"> • We have completed our audit and issued an unqualified independent auditor’s report.
<p>Going concern</p>	<ul style="list-style-type: none"> • The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council, its group and associated charitable trusts ability to continue as a going concern.
<p>Other information</p>	<ul style="list-style-type: none"> • We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
<p>Charitable trusts</p>	<ul style="list-style-type: none"> • We have completed our audit of the 2014/15 financial statements of the charitable trusts administered by Argyll and Bute Council and issued an unqualified independent auditor’s report for each of the relevant trusts.
<p>Group accounts</p>	<ul style="list-style-type: none"> • Argyll and Bute Council has accounted for the financial results of three associates in its group accounts for 2014/15. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £6.777 million.
<p>Whole of government accounts</p>	<ul style="list-style-type: none"> • The council submitted a consolidation pack for audit by the deadline. This is currently being reviewed and the certified return will be submitted to the Scottish Government.

Submission of financial statements for audit

9. We received the unaudited financial statements on 25 June 2015, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.

Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 13 March 2015.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the

audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
16. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of Argyll and Bute Council we set our planning materiality for 2014/15 at £3.037 million (1% of gross expenditure). We report all misstatements greater than £30,000. Performance materiality

was calculated at £1.822 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

17. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels. Materiality was revised to £3.109 million (1% of gross expenditure) and performance materiality revised to £1.865 million.

Evaluation of misstatements

18. All misstatements identified during the audit, which exceeded our threshold of £30,000, have either been amended in the financial statements or recorded as an unadjusted error.
19. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements in most instances. The effect of the monetary adjustments is to reduce net assets on the balance sheet by £0.053 million.
20. Unadjusted errors, if corrected, in the financial statements would have the cumulative effect of reducing the council's net assets by

£0.046 million. The net impact on the council's funding position would also be a reduction of £0.046 million

Significant findings from the audit

21. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
22. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you:

Significant findings from the audit

Issue	Resolution
<p>Equal Pay</p> <p>The ultimate cost to the council of the claims made under the Equal Pay Act 1970 remains uncertain and it is likely that resolution of the issue will take some time.</p> <p>The council settled a number of equal pay claims during 2014-15. However, there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the council. Based on advice from the legal section the year end provision for equal pay claims is £0.077 million.</p>	<p>The potential equal pay provision will be reviewed on an annual basis.</p>

Issue	Resolution
<p>Landfill sites</p> <p>The council owns three active island landfill sites. As a result it has responsibilities regarding the restoration and aftercare costs of the sites. The three sites were re-valued as at 31 March 2015 by the District Valuer. They were originally included within non current assets at their asset value of £1.644 million less the present value of estimated future expenditure for restoration and after care of £1.477 million, resulting in a net asset of £0.167 million.</p> <p>This accounting treatment was not in accordance with International Accounting Standard (IAS) 37 Provisions, contingent liabilities and contingent assets which requires recognition of restoration and aftercare costs as a provision in the Balance Sheet.</p>	<p>The council has now revised the accounts to comply with accounting standards. This has had no impact on the total net assets position.</p>
<p>Heritage Assets</p> <p>Heritage Assets include two art collections valued in total at £1.140 million. The Argyll Collection (£0.649 million) was last valued in February 2010 however the other collection, held at various libraries and at the Campbeltown Museum (£0.491 million), was last valued in March 2004. The council also own museum exhibits (insured for £0.520 million) which are not included within Heritage Assets as no detailed inventory exists.</p> <p>Our 2013/14 Report recorded that progress was to be made in 2014/15 towards cataloguing and valuing all museum artefacts by 31 March 2015. However, there was no change to this approach for 2014/15</p>	<p>The council’s museum and libraries art collection was revalued in April 2015. This will be reflected in the 2015/16 accounts. The council is to consider cataloguing the assets at the Campbeltown museum and the Argyll collection during 2015/16.</p>

Issue	Resolution
<p>International Accounting Standard (IAS) 19 pension liability: The net pension liability represents the difference between the expected future payments to be made to former employees of the council and their spouse in the form of pension payments and the underlying value of pension fund assets to meet this cost. The calculation of the liability is assessed by professional actuaries each year and is an estimated figure.</p> <p>The council's balance sheet position has fallen from a £174.825 million net asset position at 31 March 2014 to a £160.957 million net asset position at 31 March 2015. This is predominantly due to the net pension liability which has increased by £26.401 million (or 22.3%) in the year from £118.337 million in 2013/14 to £144.738 million in 2014/15. The 2014/15 IAS19 figures are based on a roll forward from the March 2014 fund valuation (the 2013/14 figures were based on the March 2011 fund valuation). This has led to a considerable movement between the years due to changes in assumptions. In addition, the actuaries have reported that falling real bond yields have led to a significant rise in the deficit. This has been partially offset by a better than expected return on assets.</p>	<p>Assurance is obtained from the triennial valuations of the pension fund carried out Hymans Robertson LLP, which assures that the pension fund remains adequately funded. The financial statements have been prepared on the basis of these assumptions.</p>

Issue	Resolution
<p>Annual Governance Statement</p> <p>Our audit work identified a number of areas and issues for further development that were not included in the 2014/15 statement. These included reference to health and social care integration progress, implementation of the Community Empowerment Bill and FOI statistics.</p> <p>In addition, the annual governance statement is required to be approved by the Council or committee whose remit includes audit or governance. At its meeting of 19 June 2015, the Audit Committee noted but did not approve the draft Annual Governance Statement for 2014/15.</p>	<p>A revised Annual Governance Statement was prepared incorporating all agreed amendments and approved by the Performance Review and Scrutiny Committee in August 2015.</p>
<p>Management commentary</p> <p>Our audit work identified a number of areas not included in the management commentary required by the statutory guidance outlined in Local Government Finance Circular 5/2015. These include health and social care integration challenges, an analysis using financial and other key performance indicators and a description of the council's strategy and business model.</p>	<p>A revised Management Commentary was prepared to reflect more of the guidance. Further improvements are to be built into the 2015/16 Commentary.</p>

Issue	Resolution
<p>Asset Register</p> <p>Capital disposals during the year included the site of the former Dunbeg Village Hall which was sold for £60,000. This asset however has never been included on the Fixed Asset Register. Senior finance officers were asked to provide assurance that all council assets are listed on the Fixed Asset Register.</p>	<p>Finance officers explained that on-going reconciliations of the Fixed Asset Register to Estates records are undertaken. Based on this control officers are of the view that the asset registers are not materially misstated. Audit testing of a sample of fixed assets supports this view</p>
<p>Community Charge debt</p> <p>The Community Charge Debt (Scotland) Act 2015 extinguished outstanding community charge debt from 1 February 2015. However Note 21 to the accounts discloses £7.549 million community charge debtors as at 31 March 2015, fully provided for by way of a 100% bad debt provision. Officers have explained that the debt has not yet been approved for write-off and therefore requires to be included in the financial statements.</p>	<p>The council has now revised the accounts to comply with the Act. This has had no impact on the total net assets position.</p>
<p>Remuneration Report</p> <p>The Acting Head of Strategic Finance and section 95 officer, was not disclosed in the Remuneration Report. As this is a statutory post (section 95 officer), his remuneration should be disclosed.</p>	<p>The Acting Head of Strategic Finance is not an employee of the council. To comply with the requirements of the guidance, the council has now provided a note to the Remuneration Report detailing payments made to the agency the Council contracted with for the supply of his services.</p>

Future accounting and auditing developments

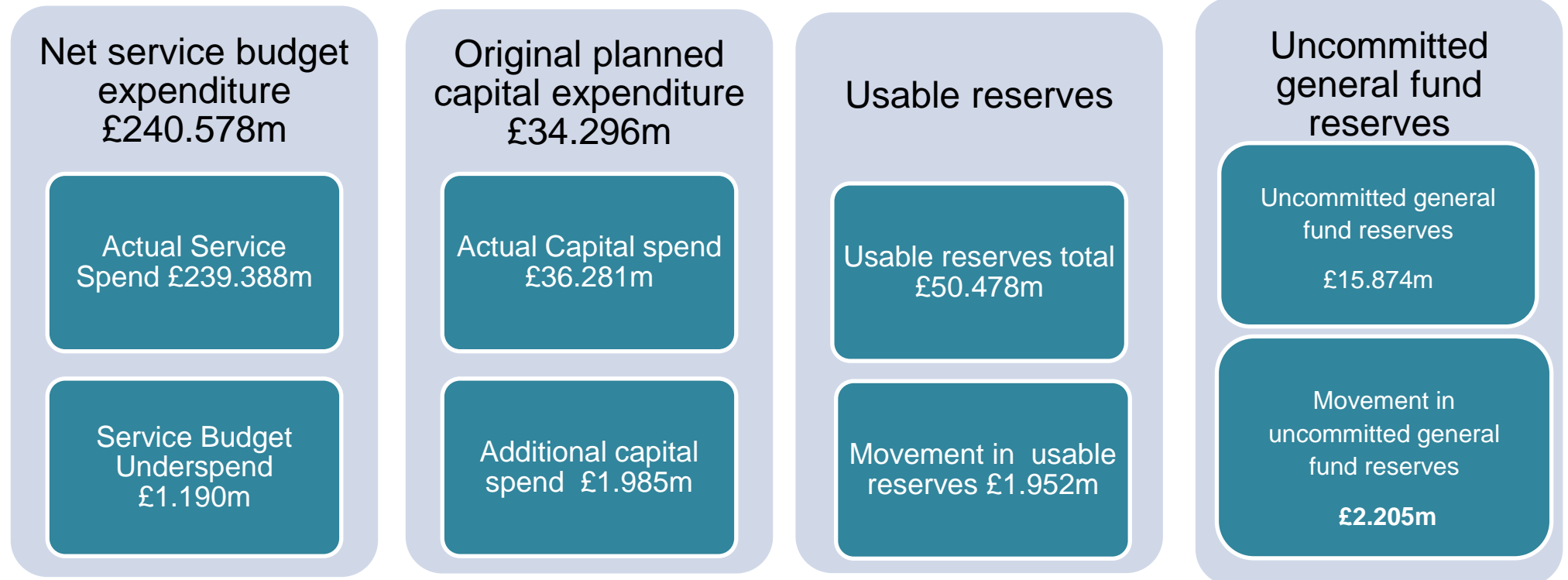
Revisions to the Code of Practice

23. The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which interprets and adapts International Financial Reporting Standards (IFRS) to the local authority context. The following paragraphs set out the most significant changes to accounting requirements introduced by the 2015/16 Code.
24. **IFRS 13 Fair value measurement:** Although the measurement requirements for operational property, plant and equipment will not change, enhanced valuation disclosures will be required. In addition, the 2015/16 Code requires surplus assets to be measured at fair value in accordance with IFRS 13. The council will need to make the

necessary preparations to ensure that the new requirements are addressed for the 2015/16 financial statements..

25. **Transport infrastructure assets:** The council's highway assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code will require highways to be measured, for the first time, on a depreciated replacement cost basis. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.
26. **Health and Social Care Integration:** From 1 April 2016 Integrated Joint Boards (IJBs) will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code and the Accounts Commission will appoint auditors to audit the financial statements.

Financial management and sustainability



Financial management

27. In this section we comment on the council's financial outcomes and assess the council's financial management arrangements.
28. The Council sets an annual budget to meet its service and other commitments for the forthcoming financial year. The setting of the annual budget impacts directly on residents as it determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

29. Overall the council reported in its management commentary, an underspend against budget of £2.072m. This is made up of service budget underspends of £1.190 million (£1.021 million for services less £2.211million on central costs) and additional income collected of £0.882 million.
30. Total departmental controllable expenditure reported an overspend of £1.021 million. Development and Infrastructure Services was overspent by £1.889 million, mainly in relation to winter maintenance, coastal protection costs and emergency road works. Community Services was overspent by £0.134 million. These overspends were offset by an underspend in Customer Services of £0.991 million, mainly due to procurement savings in school and public transport and the overrecovery of vacancy savings

31. Central/non departmental costs were underspent by £2.211 million, the main reasons being:
 - Severance and unfunded pension costs were overspent by £0.703 million
 - Loan charges £0.699 million under budget due to income from investments
 - An underspend on utility costs of £1.237 million due to efficiencies being made in terms of billing and usage and the reversal of previously held provisions that are no longer required
 - Reduction in the Equal Pay provision of £0.218 million
32. Council Tax collections exceeded budget by £0.882 million, mainly in relation to increased collections on older years of council tax.

Accounting deficit

33. The Statement of Comprehensive Income and Expenditure, based on International Financial Reporting Standards accounting requirements records an accounting deficit of £13.868 million. This represents a surplus on the provision of services of £4.581 million offset by a deficit in other comprehensive income and expenditure of £18.449 million. The General Fund balance increased by £2.026 million.

Financial management arrangements

34. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the proper officer has sufficient status within the council to be able to deliver good financial management
 - financial regulations are comprehensive, current and promoted within the council
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - members provide a good level of challenge and question budget holders on significant variances.
35. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in Local Government" and concluded that the council complies with the statement's five principles.
36. The Head of Strategic Finance left the council in February 2015. The post has been filled on an interim basis and a permanent appointment has recently been made.
37. We reviewed the council's financial regulations, which are revised periodically, and concluded that they are comprehensive

and current. The council's financial regulations are available on the council's website.

38. Financial monitoring reports (both revenue and capital) are submitted to the Policy and Resources Committee (PRC) bi-monthly. They are included within a comprehensive financial reports monitoring pack. The revenue budget monitoring report provides corporate and departmental information with comparisons on a forecast outturn and year to date basis.

Conclusion on financial management

39. The council's financial management arrangements for 2014/15 have been effective. The council has a good history of keeping expenditure within budget. Budgets are closely monitored with progress against budget being regularly reported.

Financial sustainability

40. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
41. In assessing financial sustainability we are concerned with whether:
- there is an adequate level of reserves
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for

- investment in services and assets is effective.

Effective long-term financial planning, asset management (see para 76) and workforce planning are crucial to sustainability.

Reserves

42. As outlined in exhibit 1, the overall level of usable reserves held by the council increased by £1.952 million compared to the previous year and totalled £50.478 million.

Exhibit 1: Usable reserves

Description	31	31	31 March
	March	March	2015
	2013	2014	£ million
	£ million	£ million	
General fund	46.138	44.041	46.067
Capital Funds	3.316	3.460	3.742
Repair and renewal fund	0.850	1.025	0.669
Total usable reserves	50.304	48.526	50.478

Source: Argyll and Bute Council financial statements

43. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows.

44. Planned commitments from the general fund balance amounted to £30.193 million and include the Strategic Housing Fund, a revenue contribution to Dunoon and Campbeltown schools, investment in affordable housing and unspent budget carried forward. In June 2015 the Council agreed to earmark a balance of £12.269 million to be directed towards the delivery of the Single Outcome Agreement in accordance with earlier decisions.
45. The remaining unallocated General Fund balance of £3.605 million is being held as a contingency in line with the Council's reserves policy.

Financial planning

46. The Council set its 2015/16 budget in February 2014 as part of a two year budget. The 2015/16 budget was set at £244.385 million and assumes savings of £1.822 million.
47. In our 2013/14 Annual Report we reported that the council estimated it will need to reduce expenditure over the period 2016/17 to 2019/20 by an average of around three per cent or £8 million per annum, building up to £28.565 million in 2019/20. This equates to approximately £77 million in total over the four-year period.
48. In December 2014 the council set out a revised forecast of its financial position. Based on a narrower range of worst and best case scenarios the funding gap is estimated to be between £28.1 million and £37.5 million over five years. Averaged over the five

years 2016/17 to 2020/21 this equates to an annual gap in the range £5.5- £7.5 million.

49. The revised forecasts reflect removal of cost and demand pressures. In a report to a special Policy and Resources Committee (PRC) meeting of 22 June 2015, the Interim Head of Strategic Finance records that 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. In addition the earmarked balance of £12.269 million to be directed towards the delivery of the Single Outcome Agreement is available to meet these pressures. The members have noted this different approach.
50. Senior finance officers have confirmed that the budget is now prepared from a zero base and that the Strategic Management Team will be engaged in the first instance in reviewing service pressures. The extent to which budgetary plans need review for any changes to the base position will flow from that review.
51. The report to the special PRC meeting in June also indicated that the current budget gap is estimated to be between £21.7 million and £26.0 million, requiring savings of between £7.9 million and £8.8 million in 2016/17 and between £7.9 million and £9.6 million in 2017/18.

Recommendation No 1

52. The budgetary outlook is continually monitored and updated as new information becomes available. There have been no changes to the budget outlook since the update in June 2015.
53. Scottish Government funding. 2016/17 budget proposals will not be produced until after the UK government's spending review in late November. This delay will give the council less time to produce its budget for next year. The Scottish government is anticipating a reduction in the block grant available to fund devolved services like health, education, local government, and law and order.

Service Choices

54. In December 2014, as part of the "Planning for our Future" budget strategy to deliver the SOA, the Policy and Resources Committee agreed a 'Service Choices' process. This plans for estimated funding reductions by aligning the available budget with Council priorities. The overall approach and timetable was agreed in April 2015.
55. A Project Board was established to drive forward the process. It consists of 12 councillors (8 from the administration and 4 from the opposition) and 2 trade union representatives. The Chair of the project board is the Leader of the Council. The project board has met several times to date.
56. Based on the current budget outlook, the council estimate that the management/operational savings already identified and the

policy option savings will deliver savings options in excess of the target.

57. Detailed proposals are to be presented in October 2015 to allow recommendations to be made to the council in respect of savings proposals to proceed to the consultation stage. Based on the most recent budgetary outlook, members have agreed to move forward with overall savings targets of around £9 million in both 2016/17 and 2017/18.

Capital programme 2014/15

58. The Council approved its capital programme for 2014/15 in February 2014. Actual expenditure for the full year was £36.281 million compared to a budget of £34.296 million, an overspend for the year of £1.985 million (5.8%). However, when additional capital income received in respect of roads reconstruction and transportation projects of £1.804 million and prudential borrowing in respect of fleet management and the Helensburgh depot of £2.348 million are taken into account there was slippage of £2.167 million (5.6%).
59. Major capital projects include CHORD, Helensburgh office rationalisation, Kintyre renewables hub and roads reconstruction. A number of small variances contributed to the overall overspend.

Workforce Management

60. Redundancy costs have been incurred by the council over the last few years as a result of service reviews and other savings agreed as part of the budget process. Redundancy costs accounted for in 2014/15 totalled £0.748 million relating to 24 employees.
61. As the council continues in its change programme to deliver the Single Outcome Agreement, Heads of Service are currently in the process of working on Stage 3 options development/business planning for Service Choices. The proposals will inevitably lead to a reduction in the number of employees the council is required to employ.
62. In August 2015 the PRC agreed that management proceed to invite expressions of interest in voluntary redundancy from employees. They agreed to exclude teachers and SSSC registered Social Care staff from the process. This is an important element of managing the reduction in council posts as a result of Service Choices as effectively as possible in line with the council's Redundancy Policy, which seeks to achieve post reductions through voluntary means as far as possible.

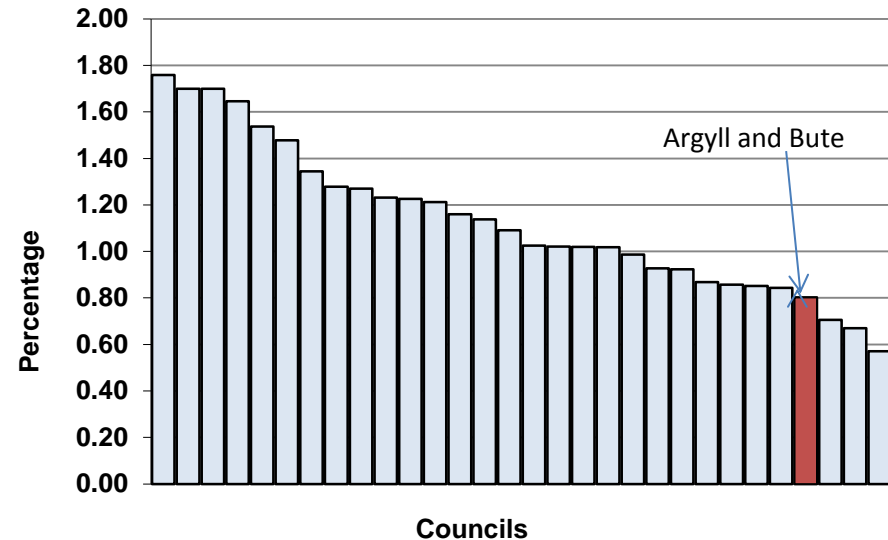
Treasury Management

63. At 31 March 2015 external borrowing stood at £173.378 million, an increase of £12.197 million on the 2014 borrowing level of £161.181 million. During the year the council completed £20.547 million of new external borrowing. This was used to finance

capital expenditure. The council also repaid loans of £8.350 million. Interest payable and similar charges was £18.116 million, similar to last year's figure of £18.107 million.

- 64. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. Exhibit 2 shows long term borrowing as at 31 March 2015 as a proportion of net revenue stream for the year for all mainland councils in Scotland. This indicates that the council's borrowing levels are low compared with the majority of other councils.

Exhibit 2: Scottish councils' long term borrowing as a percentage of net revenue



Source: Scottish councils' unaudited accounts 2014/15 (excluding Orkney and Shetland Island councils)

Pension liability

- 65. The net assets on the council's balance sheet have decreased from £174.825 million in 2013/14 to £160.957 million in 2014/15, a reduction of £13.815 million. The principal reason for this decrease is the £26.401 million increase in the pension liability from £118.337 million to £144.738 million. This is also reflected in the balance sheet for the group.

66. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. At the last triennial valuation the Strathclyde Pension Fund was 94.3% funded and had assets of £13.949 billion. The next valuation will take place in 2017 with new contribution rates in place from 1st April 2018. It is expected that new contribution rates will increase convergence between the pension liability and the underlying assets.
70. In common with many other councils, Argyll and Bute Council is now reporting gaps between income and the cost of providing services over the next few years. With further funding reductions expected, the Council faces tough decisions to balance its budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

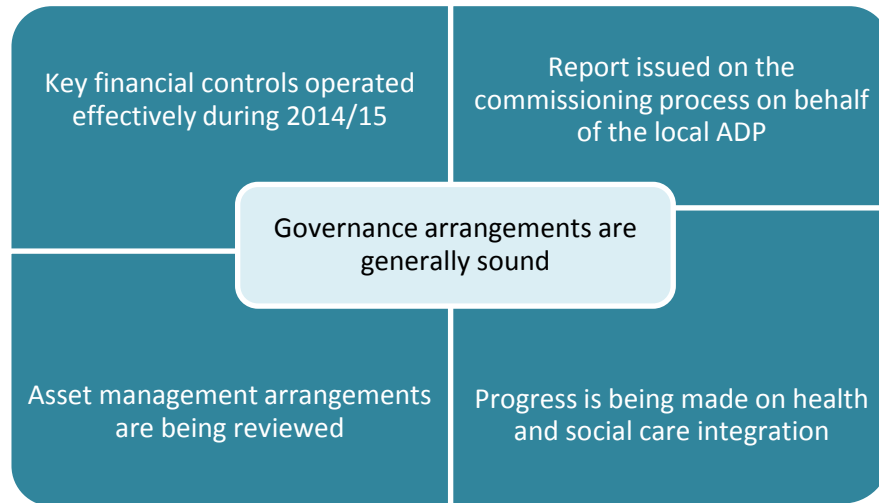
Conclusion on financial sustainability

67. The council has managed expenditure within the annual budget in 2014/15 and 2013/14.
68. The current funding gap is estimated to be between £21.7 million and £26.0 million over the period 2016/17 to 2020/21. A 'Service Choices' process has been established to align the available budget with Council priorities.

Outlook

69. Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms to £10.3 billion. At the same time, demand for council services has increased, largely due to population changes. Increased pension contributions and national insurance changes will create further cost pressures on the council.

Governance and transparency



Corporate governance

71. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.
72. The effectiveness of governance arrangements is a key feature of the ongoing Best Value audit. This is discussed in the next section of this report.

Local code of corporate governance

73. The Council has adopted a local code of corporate governance based on six core principles. It is reviewed and updated annually by the council's Governance Group, chaired by the Executive Director of Customer Services as Monitoring Officer. A Corporate Governance Action Plan is also agreed for the year ahead which identifies work to be carried out to improve governance arrangements.

Internal control

74. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.
75. We reported our findings to the Audit Committee in June 2015. Our overall conclusion a range of specific issues was that key controls within the council's main financial systems were operating satisfactorily. However, our findings did include a number of recommendations to enhance the control system in operation and an action plan has been agreed with management to address these. In addition a number of specific governance issues are reported below.

Asset Management

76. At paragraph 22 we reported discrepancies between the Fixed Asset Register and other council records.

77. In December 2014 Internal Audit reported a 'Land and Asset Review' to the Audit Committee. This gave limited assurance and highlighted a number of issues in relation to asset disposals procedures. In particular, a review of the information held by Strategic Finance in the Asset register highlighted discrepancies in respect of 3 properties which were no longer assets of the council. Internal audit recommended that procedures for disposal of council assets should be reviewed, with a target completion date of 31 March 2015.
78. At the December 2014 Audit Committee meeting, it was minuted that an independent "health check" on all procedures and processes relating to the review of council assets and their marketing was to be carried out.
79. Work has recently been completed by CIPFA in relation to delivery of Estates services to the council. We will consider, the council's response to this work as part of our 2015/16 audit.
80. In the meantime, property disposal procedures were revised in March 2015. The disposal of property is co-ordinated by the Council's Estates Service who have to demonstrate compliance with the revised disposal procedures. This is subject to monitoring at Head of Service and Executive Director level.
81. In April 2015, we invited the council to complete a Best Value toolkit to assess its own asset management processes. The council identified that current practices are generally effective. Discussions are ongoing with the council about how further

improvements could be made. This will be reported as part of our 2015/16 audit.

82. The next section of this report covers some specific asset disposals relation to Castle Toward and Rockfield Primary School.

Sale of Castle Toward

Proposed community buy out

83. The South Cowal Community Development Company (SCCDC) submitted a community buy out proposal for Castle Toward. As well as community benefits, the proposal included payment of the £750,000 for the property .
84. In March 2014 the Scottish Government appointed District Valuer reported that the market value of the property was £1.75 million.
85. At its meeting of 18 December 2014, the Policy and Resources Committee (PRC) agreed to dispose of the Castle Toward Estate to the SCCDC at the full value of £1.75 million, with £1 million in respect of the purchase price being provided to SCCDC on a commercial loan basis subject to an initial three year period of deferment of repayments in recognition of their financial position. This loan was to be subject to a range of conditions. The Right to Buy period was extended until 31 January 2015 and then again to 13 February 2015.
86. At a special meeting on 12 February 2015, the Council withdrew the delegation to officers in regard to any further negotiations

with SCCDC, withdrew the delegation for any further extension in the Right to Buy deadline and reaffirmed the delegation to the Executive Directors of Community and Customer Services to market the property. Minutes of the meeting record that, in the extension period there had been no material change of position by SCCDC in negotiations with officers. It was also stated that SCCDC would appear to have been unable to develop their business plan to allow them to fund the purchase price set by the District Valuer and as accepted by the Council.

87. At that meeting the members were provided with external advice that reported that an alternative valuation report received from Savills, on behalf of SCCDC, did not alter their view as to the open market value of the estate. They specifically cautioned members against placing any reliance on the valuation by Savills.
88. It is our view that it was for the Council to decide on whether to accept or reject the purchase proposal for Castle Toward from the SCCDC. In making this decision it is appropriate that the elected members considered a range of factors including the details of the proposal, the District Valuer's valuation of the property, the appropriateness of alternative valuations and the wider financial implications for the council of the proposal.
89. The Land Reform (Scotland) Act 2003 requires that during a community right to buy, the council is prohibited by Section 40 (1) from taking any action to transfer the land or taking any action with a view to transfer the land the question. From information and correspondence provided to us, we have found no evidence

of any such action by the council prior to the conclusion of the right to buy process.

Current proposal

90. Baird Lumsden was appointed by the council to market Castle Toward. Despite a number of enquiries, only one offer was made by the closing date of 10 June 2015.
91. At the Council meeting of 25 June 2015, members were advised that there was an urgent item relating to Castle Toward. Minutes of the meeting record that the Provost ruled that he had accepted an urgent item in relation to Castle Toward by reason of the need for the Executive Director of Customer Services to provide a decision on the content of the report by 26 June 2015. He advised that the item was commercially confidential and that this had been his reason for not releasing any information earlier in the meeting.
92. The council report relating to this item was then distributed to members prior to consideration of the item. There are no details in the standing orders for meetings which state when urgent reports are required to be provided to members.
93. Members were given a short period to read the report before they discussed it. Members then moved a motion to accept the bid. An amendment was moved to take longer to consider the offer and the conditions. The motion to accept the bid was carried by 22 votes to 5. Based on this vote, a majority of members were

satisfied that they had sufficient time and information to consider the bid.

94. Details of the economic and social benefits of the proposed development (£28 million capital investment and 151 FTE jobs) are contained in the council report.
95. The council report states that the total sum offered was £1.510 million, comprising £1.435 million for heritable property, split £1.125 million on the date of entry and an additional £0.310 million after receipt of all necessary and detailed consents for the implementation of the proposed purchasers' concept master plan (including planning permission and building warrants) and £0.075 million for moveable property. The council report details a risk that "if the purchasers do not obtain all the required consents, the Council would not be entitled to receive the sum of £310,000." Periodic updates should be provided to members on when this sum is likely to be received.

Recommendation 2

Performance Review and Scrutiny Committee review of Council Decision

96. At the Performance Review and Scrutiny Committee (PRS) Committee meeting of 26 February 2015, it was agreed to accept the request by two members to consider the Council decision to reject the offer of purchase of the Castle Toward Estate by the SCCDC.

97. At its meeting of 27 August 2015, the PRS Committee considered a report written by the Chair and agreed to formalise a document bringing together the findings and recommendations of the committee in November. The document will be presented for approval to the PRS Committee and then presented to the Council.
98. We will consider this report and will continue to monitor any developments in this area. However it remains our view that, the Council took reasonable decisions regarding the community buy out proposals.

Sale of Rockfield Primary School

99. Last year we reported that the September Oban, Lorn and the Isles Area Committee (OLIAC) agreed that Oban Communities Trust (OCT) was the preferred bidder for the property. This was conditional upon the Trust providing a fully costed business plan, demonstrating the financial viability of the community project prior to the sale concluding.
100. A report was put to the next meeting of the OLIAC on 11 February 2015 requesting a decision on the offer of £1,000 submitted by the OCT. The report provided commentary by Economic Development, Strategic Finance, Development Management and Road Services on the business plan submitted by OCT in December 2014. The report concludes inter alia that; "None of the Services have highlighted any particular issues although Strategic Finance does advise that information on the

rationale behind certain assumptions would be required for a clearer picture and that there is insufficient information to be able to comment on the finances behind the renovation project.”

101. The Area Committee agreed the recommendations of the report, including acceptance of the offer from OCT and to refer their decision to the Council, as required by the council’s procedures. The Council endorsed the decision on 19 March 2015. Members agreed to the inclusion of economic development burdens as part of the sale to mitigate the risks highlighted by Strategic Finance in relation to the business plan. OCT took possession of the building on 19 May 2015.

CHORD project

102. As part of our 2013/14 audit, we carried out some targeted audit work reviewing the council’s governance over the Helensburgh development project. We reported issues relating to project governance. Internal Audit also carried out a review of the whole CHORD project from 2008 to 2014 and reported the results of their review to the Audit Committee in March 2015.

103. The Internal Audit report gave limited assurance on the CHORD projects over the period 2008 to 2014 but concluded that a number of significant improvements have been put in place over the last 12 months to ensure their implementation is undertaken in line within revised timelines and budget. The report also noted better governance arrangements since the area committees took over governance responsibilities and improvements in the

standard and consistency of reports presented to the area committees.

104. As part of the 2014/15 audit, we carried out some follow up work to monitor progress with these issues with particular focus on the Oban Bay/Harbour project.

105. Our review found the project has not progressed as planned and there is a risk that costs will exceed the budget on completion. In particular:

- a legal writ was raised by a local business regarding the proposed North Pier Maritime Visitor Facility at the beginning of 2015 which is expected to be resolved soon. The project is currently on standstill. Market prices for construction material and labour may increase and potentially impact the financial viability of this project.
- costings in the original documents relating to the public realm project were underestimated. The initial allocation for the public realm was £2.650 million however costs have increased because the scope of the work was increased and construction market costs have increased for both materials and labour. In May 2015 the public realm budget was increased to £3.714 million, with £0.300 million of the increase in funding coming from Transport Scotland. The remainder of the additional funding has been reallocated from proposed CHORD work on the North and South Pier.

Recommendation No 3

106. We will continue to monitor work on CHORD and other capital projects as part of our ongoing audit responsibilities.

Scottish submarine museum

107. Last year we reported that senior officers acknowledged that the council did not follow its own procedures in considering the submarine museum funding request. In response the council agreed to introduce a more formalised process for considering external funding requests. This issue is considered further at para 140 and records that a formal four-stage process for assessing external funding requests has now been agreed.

108. In March 2014, members agreed to provide £140,000 funding to the Scottish Submarine Trust to support the opening of a Scottish Submarine Museum in Helensburgh. Members also agreed that a number of additional conditions would need to be satisfied prior to any release of the funding, in three tranches. These conditions included exhibition to the council of invoices for works or services provided to the value of the instalment. The first and second instalments totalling £100,000 have been released. The third instalment of £40,000 has not yet been paid.

109. In January 2015 £100,000 was received by the Scottish Submarine Trust from the Coastal Communities Fund bringing the total raised to £740,000. The other contributions are £300,000 in kind for a World War II X-Craft mini submarine, £200,000 funding from the MOD Armed Forces Covenant Fund and the £140,000 funding from the council.

110. Initially it was hoped the museum would be open in time for the Commonwealth Games in July 2014. It is disappointing to see that despite the funding provided, the museum is not yet open. The Chairman of the Scottish Submarine Trust has said he is confident that the museum will open at some point during 2015.

Follow up of Gourock to Kilcreggan ferry service

111. Last year we recommended that to improve the processes for collecting council berthing fees for the Gourock to Kilcreggan ferry service, a signed agreement with Clydelink should be agreed. This would enable Strathclyde Partnership for Transport (SPT) to pay monies due directly to the council.

112. The council agreed to contact both Clydelink and SPT to seek to put this in place, with a target completion date by the Head of Economic Development and Strategic Transportation of 30 November 2014.

113. However setting up this arrangement with SPT is proving more difficult than the council expected. In addition, the original harbour officer to which this issue was assigned, resigned in early 2015. His replacement handed in his resignation in May 2015 and left in June 2015. A revised target completion date of 30 September 2015 has been set by the council.

114. We will continue to monitor the implementation of this recommendation as part of our 2015/16 work.

Internal audit

115. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
116. Overall, we concluded that the internal audit service generally operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
117. We placed formal reliance on aspects of the work of internal audit including financial ledger, trade receivables, trade payables, payroll and treasury management. In terms of our wider code responsibilities we took assurances from other work including procurement, performance indicators, performance management arrangements and health and social care integration.

ICT audit

118. ICT is a key area of control because it underpins all the systems used by the council. As part of our audit planning process we carried out a high level review of the council's ICT arrangements. This included the council's technology strategy, data security and protection and business continuity management.

119. Argyll and Bute Council successfully achieved re-accreditation to allow access to the Public Service Network (PSN) on 23 January 2015. To achieve this a validated information assurance assessment was carried out against a series of stated conditions to gauge compliance. The council is formally certified as compliant until February 2016. Obligations in participating in the PSN dictate that organisations undertake annual security health checks and maintain appropriate security policies including acceptable use and lockdown policies. The Code of Connection requirements for accessing the PSN are stringent.
120. The council's website achieved a 4 star rating in the SOCITM Better Connected rating for council websites and was listed as one of the top 20 best developed sites.

Arrangements for the prevention and detection of fraud

121. We assessed the council's arrangements for the prevention and detection of fraud during the planning stage of our audit. This involved reviewing council documents and discussing existing arrangements with officers. We are not aware of any specific issues that we need to record in this report.

National Fraud Initiative in Scotland

122. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide

range of frauds against the public sector. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.

123. Council Tax data in relation to the Council Tax Reduction Scheme has returned a number of matches and these are currently being investigated. From work undertaken to date, 359 discounts have been removed with an approximate value of £100k.
124. Work is continuing on the other matches but no amounts to be recovered have yet been identified.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

125. The arrangements for the prevention and detection of corruption in Argyll and Bute Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Correspondence referred to the auditor by Audit Scotland

Argyll and Bute Alcohol and Drug Partnership

126. Argyll and Bute Council undertook a commissioning process for community based addiction recovery services in 2014 on behalf of the Argyll and Bute Alcohol and Drug Partnership (ADP). Four organisations submitted bids for the services. On 4 November 2014 the contract was awarded to Addaction Scotland with a start date of 1 January 2015. Prior to this, a range of services had been provided by five smaller local third sector service providers.
127. Due to the profile of this commissioning process in the local community and receipt of correspondence from members of the public and local MSPs, the audit team carried out a review of this process.
128. The findings from our review were reported to the council/ADP in May 2015. These include:
- In November 2014 the contract was awarded to Addaction Scotland with a start date of 1 January 2015. It is acknowledged that this lead time was too short.
 - Addaction Scotland was not registered with the Care Inspectorate to provide regulated services in Argyll and Bute until 25 February 2015. It was, therefore, in breach of the contract requirements from 1 January to 25 February 2015.

- Two potential bidders have told us that they did not submit bids for the contract because of the onerous nature of the housing support services that they believed were required within the fixed price for the contract.
 - The invitation to tender required that a full review of services was to take place and that a more equitable service was required across all areas of the council by year 3. Immediately following commencement of the contract, Addaction Scotland carried out an assessment of the needs of all known service users and concluded that no service users required housing support services at this time. The ADP agreed that Addaction Scotland could move towards its model of more equitable services in year 1.
 - In our opinion, there was a degree of ambiguity in the ITT regarding the timescale of the service review. The immediate review of services and the non-supply of housing services at this time could be considered material to the contract. We therefore recommended that the council take external legal advice to satisfy itself that the contract is compliant with public procurement legislation.
129. In response the council sought external legal advice which includes the conclusion, "In our view it was not unreasonable for the Council to assess the potential benefits of that acceleration in terms of best value and the needs of the service users, as against the potential risk of a procurement law breach, which seems to us to be a risk within reasonable parameters".

130. As set out in our report, only the courts can decide on whether the immediate review of services and the non-supply of housing services could be material to this contract and may breach public procurement legislation. We note the conclusions of the legal adviser and in these circumstances feel it is reasonable for the council to conclude that the contract with Addaction Scotland remains valid.
131. Our report contains a number of additional recommendations to the council and the ADP. The findings from our review have been accepted by the ADP Executive and were presented to the Community Planning Partnership Management Committee on 17 June 2015. Our report was also considered by the council's Audit Committee on 19 June 2015 and the PRS Committee on 27 August 2015.
132. We will monitor progress in implementing the report's recommendations as part of our ongoing audit responsibilities.

Transparency

133. Council meetings are held in public and committee reports are available as public documents. Performance reports are available on the Council's website.
134. Financial reporting at the council is seen to be open and sufficiently detailed. The budget setting process is open and follows public consultation. Annual financial statements, alongside regular financial monitoring reports, are available as public documents, and are open to scrutiny from members.

135. The council has a process in place for considering which reports are to be discussed in private, due to inclusion of commercially sensitive information and other valid reasons. However in our 2013/14 Report, we recommended that the council should review the range of reports that it discusses in private and consider whether it is getting the balance right between open and closed consideration of items.

136. In response to our recommendation, the Head of Governance and Law prepared a report in July which reviewed the submission of confidential reports at both centre and area committees. His report has been considered by the Strategic Management Team and is due to be submitted to the Council in September 2015.

Freedom of Information requests

137. Argyll and Bute Council received 1,276 freedom of information (FOI) requests during 2014/15 and responded to 1,196, or 93.7% of these within the statutory timescale of 20 working days. There were 26 requests for review. There was one referral to the Office of the Scottish Information Commissioner who upheld the council's decision and a further referral is being considered.

Following the public pound

138. Last year we reported that a targeted follow-up study was to be carried out across all local authorities in Scotland. A key aim of the study was to provide the Accounts Commission with a position statement on councils' use of ALEOs and, on progress

since the 'Arms-length External Organisations: Are you getting it right' report published in 2011. We concluded that the council does not have any ALEOs and accordingly no further work was required.

139. In January 2015 the Accounts Commission sent a letter to councils encouraging them to apply good practice more consistently across ALEOs and more widely where the council provides funding to third parties.

140. In the Annual Report on the 2013/14 Audit we said that the council agrees that there needs to be a more formalised process for considering external funding requests.

141. Our follow-up enquiries have established that in March 2015, the PRC agreed a formal four-stage process for assessing external funding requests. We will continue to monitor the process for dealing with external funding requests and payments to other external organisations as part of our audit.

Integration of health and social care

142. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland. It is one of the most significant public sector reforms of recent years and much detailed planning needs to be progressed before full implementation by the statutory date of 1 April 2016.

143. A body corporate model was agreed as the vehicle for integration in Argyll and Bute. Argyll and Bute Council and NHS Highland Health Board will form the Argyll & Bute Health and Social Care Partnership (HSCP). Delegated responsibility and resources will be managed by Argyll and Bute Integration Joint Board (IJB).
144. A Chief Officer, Health and Social Care was appointed in October 2014 and took up the position in December 2014.
145. The Argyll & Bute Integration Scheme was agreed and submitted to the Scottish Government in March 2015. The Integration Scheme was signed off by the Cabinet Secretary in late April 2015 and set before Parliament. Approval for Argyll and Bute to proceed was given in June 2015.
146. Due diligence was carried out in April 2015 to support the funding provided to the Health & Social Care Partnership over the next three years. A report by the Chief Internal Auditor was submitted to the June 2015 Audit Committee which provided details of the due diligence processes applied to the creation of the overall Argyll and Bute Health and Social Care Partnership proposed budget for the 2015/16 financial year and the process for identifying finances to be allocated to the Partnership.
147. The Integration Joint Board (IJB) came into legal effect on 18 August 2015 when it first met. Their main focus during 2015/16 will be to produce a three year Strategic Plan, agreeing a budget to be delegated and develop and establish the integrated management and governance arrangements. A timetable has been set out for the production of this and the Strategic Plan is

expected to be finalised by the end of December 2015. The Strategic Plan will go out to formal public consultation from September to November.

148. In August 2015, internal audit reported on a review of Health and Social Care partnership arrangements. The audit gave a substantial level of assurance in terms of progress to date on governance arrangements, management structures and committee and reporting arrangements. They have reported a potential risk in relation to the non-filling of the senior finance role which could impact on progress. The council needs to ensure that progress continues for the statutory deadline to be met.

Welfare Reform

149. The council's Welfare Reform Working Group (WRWG) has continued to provide regular updates to Strategic Management Team (SMT) on progress in respect of the council's delivery of Discretionary Housing Payments (DHP) and Scottish Welfare Fund (SWF) services.
150. The Council agreed in February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15 and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions. These include a tenants incentive scheme, a range of support materials, digital access expansion, provision of additional crisis intervention and support.

151. The council was successful in bidding to be one of the 11 national Universal Services Delivered Locally (USDL) Trial sites. The trial ran from September 2014 to August 2015. The outcomes will inform the council's future relationship with the DWP as part of the Local Support Services Framework (LSSF) and are a key preparation for the rollout of Universal Credit in Argyll and Bute.

Housing and council tax benefits performance audit

152. Audit Scotland carried out a risk assessment of the council's benefits system in 2014 following which an action plan for improvement was agreed with management. The main areas for improvement were identified as:

- updating key council documents to ensure that they reflect current policy and procedures
- ensuring that appropriate evidence is requested by staff at the first point of contact to enable claims to be processed
- addressing the reasons why the council has failed to meet its financial accuracy target of 95% since 2010/11
- determining the effectiveness of the approach for linking intervention outcomes to the value of overpayment/underpayment to inform future intervention strategies
- addressing the reasons for the declining trend in the percentage of sanctions arising from completed investigations.

153. Audit Scotland's specialist benefits team will review progress against the action plan during 2015/16.

Local scrutiny plan

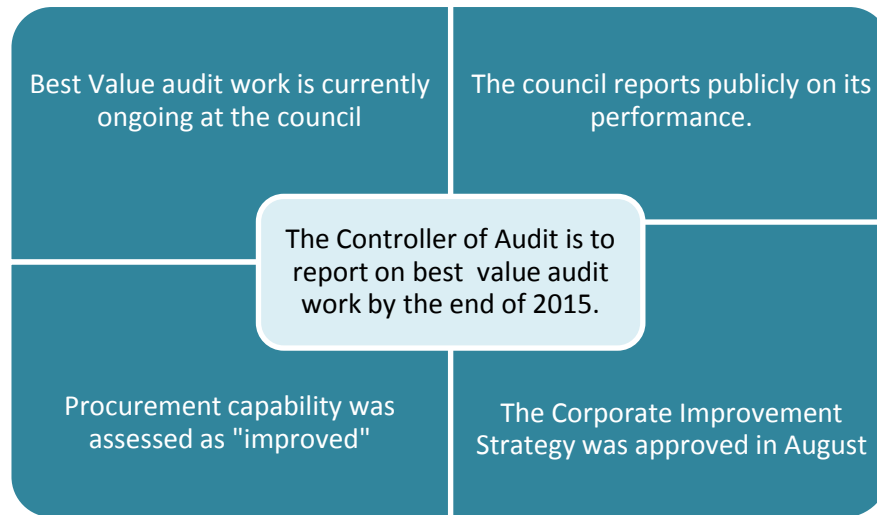
154. The 2015/16 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to Argyll and Bute Council in April 2015. The LSP confirmed the targeted best value follow up audit work.

155. A range of nationally driven scrutiny activity will be undertaken in 2015/16. The nature and timing will be reflected in the next scrutiny plan.

Outlook

156. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations. In 2015/16, health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



157. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Best Value audit

158. The follow-up audit report by the Controller of Audit to his 2013 statutory report was considered by the Accounts Commission at its meeting on 19 June 2014. The Commission accepted the Controller of Audit's report and noted that it was encouraged the

council was making progress against its previous findings of October 2013. The Commission also agreed that it was too early to assess the effectiveness of actions and plans being implemented and concluded that there is still much work to be done by the council to secure the improvements that were required in October 2013.

- 159. In September 2014, after considering the Best Value follow up report, the council agreed a revised action plan. It set out the activities and improvements undertaken to date and included a further 10 actions points as a consequence of the follow-up report in order to support continued improvement. The revised action plan was prepared following discussion at a members' seminar.
- 160. An action plan update was presented to the PRC in August 2015. This reported that the majority of actions within the action plan are complete, with the remainder on track as per the agreed timescales.
- 161. Best Value audit work is currently being carried out at the council to consider progress in the areas highlighted by the Accounts Commission in its July 2014 findings. Particular focus is on the extent to which political management arrangements support effective decision-making, the effectiveness of the council's scrutiny arrangements and whether roles and relationships, including those between members and officers, facilitate the effective delivery of council business. The Controller of Audit is

to report on progress to the Accounts Commission by the end of 2015.

Procurement

162. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. In December 2014 the council achieved an overall PCA score of 72% ("improved performance"), an increase from 63% last year.

Performance management

163. The Planning and Performance Management Framework (PPMF) remains a core component of the improvement process for the council, to help ensure delivery of the Corporate Improvement Plan. The Framework is designed to draw together improvement activities within the council to ensure that improvement is taking place in a coordinated manner.

164. An updated version of the Council's PPMF was presented to the PRS Committee in February 2015. The framework was updated to reflect the changes to political management arrangements in the council and the role of strategic committees. It had been considered by the Strategic Management Team and incorporated feedback from strategic committee development days and officer input through departmental management teams.

165. Service plans set out the key service delivery aims for the financial year and are aligned to the Corporate Plan and Single Outcome Agreement. The Service Plans also detail the agreed measures, targets and timescales to achieve the required results.

166. The council has agreed its approach to delivering the Single Outcome Agreement through the 'Planning Our Future' paper agreed by the PRC in December 2014. This includes the Service Choices process referred to above which will influence the council's approach to corporate improvement.

167. A Corporate Improvement Strategy, to support the delivery of the Council's priorities contained within the Corporate Plan 2015-2017, was approved by the PRC in August 2015. The strategy was informed by previous improvement work. It sets out how to deliver coordinated programmes of performance and improvement activity directed at council services. Five main categories of improvement activity are identified: planning and performance management, scrutiny, self assessment, consultation and engagement and benchmarking. It is supported by an action plan to be monitored by both strategic committees and the PRS Committee.

168. The council use Pyramid performance management software to record performance information and generate performance scorecards. The system includes Council, Department, Service and Area Scorecards to provide the key management information required at all levels in the organisation and to measure achievement of Corporate Plan and SOA deliverables.

169. Quarterly performance reports including council and departmental scorecards are presented to the PRSC. The reports outline performance during the period including a review of successes, key challenges and improvement actions for the coming period.
170. An Annual Performance Review is undertaken annually by each service. This provides the mechanism to review the previous year's key successes and challenges and identify key improvements for the coming year. An Annual Report is also produced as part of the public performance reporting strategy.
171. In May 2014 the PRS Committee agreed to review the Local Government Benchmarking Framework in four sections over a year with focus on rankings and trends within the family groups of eight councils. This has been completed.

Overview of performance targets in 2014/15

172. There are 360 success measures which were monitored through service scorecards in 2014-15. These were analysed for the end of 2014/15 to show progress against target. The analysis showed a position with 10 (3%) indicators having no target, 307 (85%) indicators meeting or exceeding target and 43 (12%) adrift of target.
173. Of these measures 36 (10%) are showing no trend (mostly new measures), 109 (30%) are trending positively, 122 (34%) are showing a steady trend and 93 (26%) are showing a negative trend.

174. Maximising staff attendance continues to be a priority for the council. There has been a slight increase in the average days lost per FTE employee from 10.4 in 2013/14 to 10.6 in 2014/15. In respect of the split between Teachers and LGE staff groups there has been a significant increase from 6.7 to 8.2 for teachers and a slight decrease from 11.6 to 11.2 for LGE staff.
175. The category 'Stress, Depression, Mental Health and Fatigue' remains the top reason for sickness absence and initiatives have been put in place to address this. The council conducted a Stress Audit during 2014 and a Stress Audit Action plan was developed for each Service. A new Stress at Work Policy has been developed and is currently being progressed by the HR Team. Mandatory Stress Awareness Training has also been rolled out across the Council for all managers and staff.

Statutory performance indicators (SPIs)

176. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.
177. For 2014/15 three (SPIs) were prescribed:
- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity

- SPI 2: covering a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

178. An evaluation of all Scottish councils' approaches to public performance reporting was reported to the Accounts Commission in June 2015. This updated the previous assessment of September 2014. An individual assessment for Argyll and Bute Council was issued to the Leader, Chief Executive, and Chair of the Audit Committee in July 2015. This contains information that will help the council make further improvements in performance reporting.

179. In last year's assessment, councils were assessed as either 'fully', 'partially' or 'not' meeting requirements. For this year's evaluation a simpler and clearer assessment scale was introduced which also promoted a stronger focus on continuous improvement. This assessed councils as either fully meeting requirements or having an 'area for improvement'.

180. The change in methodology means it is not possible to make exact comparisons between the 2014 and 2015 assessments. It is clear, however, that the council is generally meeting its requirement to report publicly on its performance. In terms of compliance with SPI1 and SPI2 Argyll and Bute Council were included in the 2nd quartile with full compliance for 10 of the 18 themes.

181. Plans are in place for further improvement in the council's public performance reporting.

National performance audit reports

182. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which are of direct interest to the council. These are outlined in appendix III. Argyll and Bute Council has processes in place to ensure that all national reports and their impact on the council are considered by members.

Equalities

183. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

184. An Equalities Mainstreaming report was presented to the Policy and Resources Committee in March 2015. It reported that the council had made good progress on actions to deliver the agreed equality outcomes since April 2013. It also reported that the workforce is broadly representative of the population.

185. The report also identified a positive equal pay environment, mainly as a result of the successful implementation of single

status. There is also a remaining organisational pay gap that is mostly reflective of the relative large numbers of lower paid female employees in high number occupancy roles.

200. Any areas for improvement identified in the Best Value audit, to be completed by the end of 2015, will provide a focus for the council.

Outlook

199. The council's regular review of performance, and implementing the corporate improvement strategy will be critical to the council continuing to achieve its key priorities and achieving best value.

Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Income</p> <p>Argyll and Bute Council receives a significant amount of income in addition to SG funding. The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none"> • Detailed testing of revenue transactions across each service area. • Testing of significant Grants received. • Focused testing of the Council Tax and NDR Income Accounts. 	<ul style="list-style-type: none"> • Controls testing of Accounts Receivables found no weaknesses in council systems. • No significant errors were identified through detailed testing of revenue transactions across each service area. • Testing of significant Grants proved satisfactory. • No significant issues were identified through focused testing of the Council Tax and NDR Income Accounts. • Our conclusion is that income streams are not materially misstated.
<p>Management override of controls</p> <p>As stated in ISA 240, management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries • Reviewed of accounting estimates for bias • Evaluated significant transactions that are outside the normal course of 	<ul style="list-style-type: none"> • No unusual or inappropriate transactions were identified as part of detailed testing of journal entries. • A review of accounting estimates did not show any instance of bias.

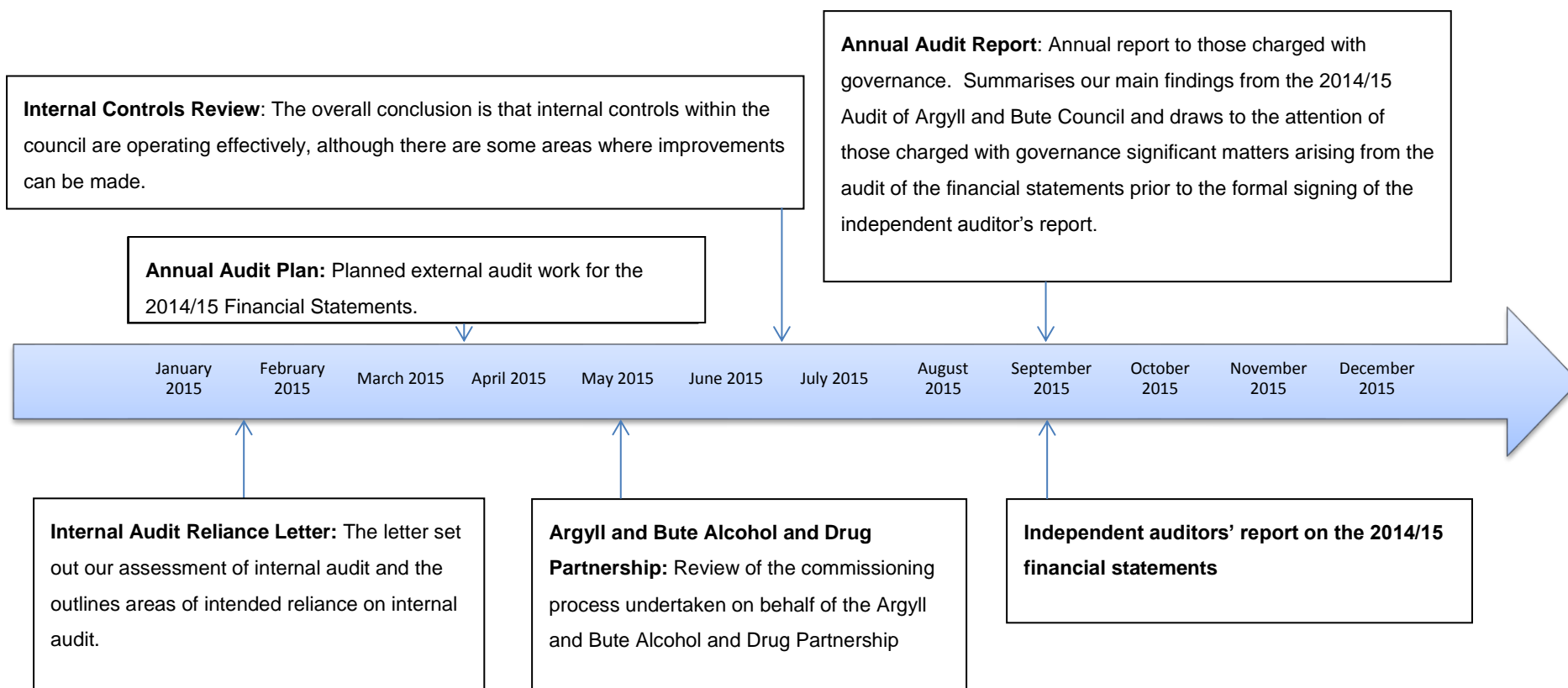
Audit Risk	Assurance procedure	Results and conclusions
<p>prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>business.</p> <ul style="list-style-type: none"> • Focussed testing of the regularity and cut-off assertions during the financial statements audit. 	<ul style="list-style-type: none"> • No significant transactions outside the normal course of council business were identified. • Focussed testing of regularity and cut-off assertions showed controls were operating effectively. • Our conclusion is that there is no management override of controls at the council.
<p>Equal Pay Provision</p> <p>The potential liability resulting from equal pay claims remains uncertain and is subject to the outcome of several national test legal cases. There is a risk that the ultimate cost to the council is significantly different from that provided in the financial statements.</p>	<ul style="list-style-type: none"> • Monitored of developments throughout the year • The equal pay provision was reviewed and discussed with officers as part of the 2014/15 financial statements audit process. 	<ul style="list-style-type: none"> • Based on advice from the legal section the year end provision for equal pay claims is £0.077 million.
<p>Group Accounts</p> <p>There may be changes to the group structure arising from amendments to The Code of Practice for Local Authority Accounting, reflecting the adoption of the following group accounts standards;</p> <ul style="list-style-type: none"> • IFRS 10 Consolidated financial 	<ul style="list-style-type: none"> • Liaison with officers during the course of the year regarding the group accounts arrangements. • The procedure for re-evaluating the group account boundaries was reviewed. 	<ul style="list-style-type: none"> • The procedure for re-evaluating the group account boundaries was reviewed and seen to be adequate in determining the status of bodies included in the group accounts. • Our conclusion is that group account disclosures meet with our understanding of the new accounting standards.

Audit Risk	Assurance procedure	Results and conclusions
<p>statements</p> <ul style="list-style-type: none"> • IFRS 11 Joint arrangements • IFRS 12 Disclosure of interests in other entities • IAS 28 Investments in associates and joint ventures (as amended). <p>There is a risk that the council and its group are not properly presented in the financial statements.</p>		
<p>2014 Regulations</p> <p>The revised Local Authority Accounts (Scotland) Regulations 2014 apply for financial years 2014/15 onwards. There is a risk that the council and does not comply with the requirements of the revised regulations.</p>	<ul style="list-style-type: none"> • Liaison with officers during the course of the year to ensure that arrangements remain in place to comply with the revised regulations from 2014/15. • During our audit of the council's financial statements we ensured that all requirements relating to the revised regulations were achieved. 	<ul style="list-style-type: none"> • The 2014 Regulations have been complied with.
<p>Provisions</p> <p>This is an area of significant estimation based on management judgements. There are potentially areas in 2014/15, such as non-contractual holiday pay claims, where it is not yet possible to</p>	<ul style="list-style-type: none"> • All provisions were reviewed with senior council officers for appropriateness and accuracy based on the information available. • Monitoring of all technical guidance in this area. 	<ul style="list-style-type: none"> • Audit testing confirmed that all required provisions have been calculated appropriately.

Audit Risk	Assurance procedure	Results and conclusions
<p>give a definitive view on the likely outcome for the council.</p>		
<p>Risks identified from the auditor’s wider responsibility under the Code of Audit Practice</p>		
<p>Financial management and sustainability</p> <p>In our Annual Report on the 2013/14 Audit published in October 2014, we reported on the council’s budget gaps over the period 2016/17 to 2019/20. There is a risk that the council is unable to agree and deliver savings measures and therefore unable to deliver services within budget.</p>	<ul style="list-style-type: none"> • Reviewed council papers and minutes to identify any potential areas of risk. • Monitored revenue and capital budget monitoring reports throughout the year to identify any significant variances between budgeted and actual spend to identify any potential issues. 	<ul style="list-style-type: none"> • See the sections of this report covering financial management on sustainability service choices process, will deliver savings in excess of target.

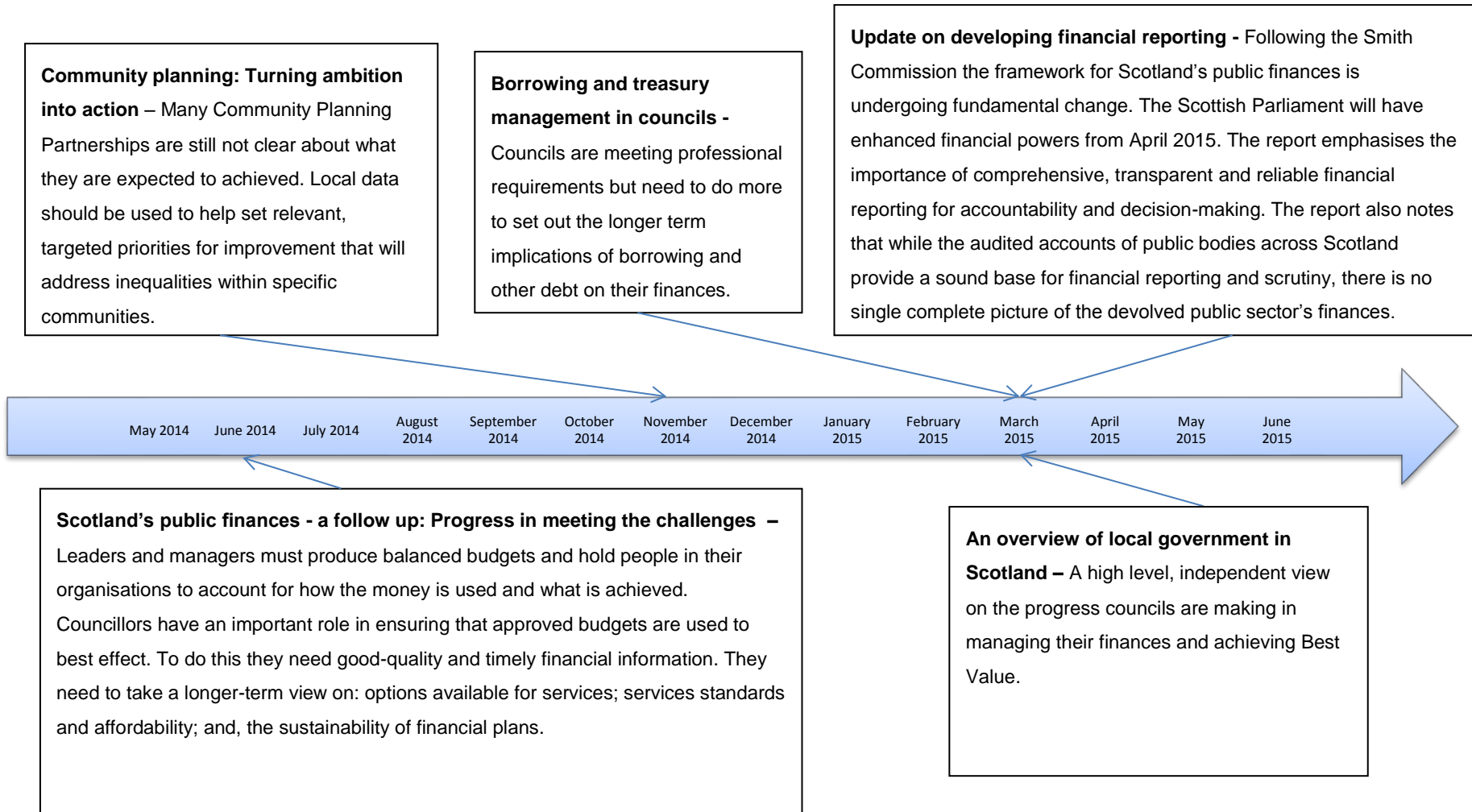
Appendix II

Summary of Argyll and Bute Council local audit reports 2014/15



Appendix III

Summary of Audit Scotland national reports 2013/14



Appendix IV

Action plan

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
<p>1 20/51</p>	<p>Financial Sustainability</p> <p>The delivery of savings over the next 5 years will continue to remain challenging. The current budget gap is estimated to be between £21.7 million and £26.0 million over the period 2016/17 to 2020/21, requiring savings of between £7.9 million and £8.8 million in 2016/17 and between £7.9 million and £9.6 million in 2017/18.</p> <p>Risk</p> <p>The council is unable to achieve the necessary savings.</p> <p>Recommendation</p> <p>The council should identify the savings required and develop detailed plans to show how these will be delivered.</p>	<p>The Policy and Resources Committee, 18 December 2014, agreed to a Service Choices programme to balance the budget in line with Members priorities; taking into account the Single Outcome Agreement. The Service Choices process has been established to address the five years in the medium term to 2020-21. Initial focus will be on the first two years to 2017-18. So far, savings options have been identified in excess of the target for 2016-17 and 2017-18. Future work will keep the medium term plan under review and address proposals up to the period 2020-21.</p> <p>Officers will continue to refine current proposals and also consider other opportunities for innovation and transformational change.</p> <p>Effective budget monitoring arrangements will be maintained to ensure regular reporting to both management and Members on the current year's position as well any forecast changes across the medium term position.</p>	<p>Head of Strategic Finance</p>	<p>February 2016 Budget and ongoing</p>

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
		The adequacy of reserves will be kept under review in order to support the delivery of the Single Outcome Agreement, support innovation and cost reduction and maintain a contingency that is relevant to the financial situation.		
2 27/95	<p>Sale of Castle Toward</p> <p>The total sum offered for the property includes £0.310 million payable only after receipt of all necessary and detailed consents for the implementation of the proposed purchasers' master plan.</p> <p>Risk</p> <p>There is a risk that the £0.310 million will not be paid if the purchasers do not obtain permission for the proposed development.</p> <p>Recommendation</p> <p>Periodic updates should be provided to members on when this sum is likely to be realised.</p>	Periodic updates are currently provided to Area Committee or Council where there has been a request for this (e.g. Kilbowie). This will also be done for Castle Toward.	Executive Director, Customer Services	Ongoing

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
<p>3 28/105</p>	<p>CHORD - Oban Bay/Harbour project</p> <p>The project has not progressed as planned. In particular, the North Pier Maritime Visitor Facility is on standstill and no work can progress until legal issues are resolved. As a result, market prices for construction material and labour may increase and potentially impact the financial viability of this project. In addition, costings in the original documents relating to the public realm project were underestimated.</p> <p>Risk</p> <p>There is a risk that costs of the project will exceed the budget for the project.</p> <p>Recommendation</p> <p>Project governance arrangements should ensure that agreed outcomes are delivered to scope, timescale and cost.</p>	<p>The CHORD programme of projects remain complex and challenging in terms of delivery but a number of significant improvements have been put in place over the last 12 months to ensure their implementation is undertaken in line with revised timelines and budget.</p> <p>Monthly highlight reports are completed by Project Managers covering any issues and remedial action required in terms of timescale, budget, risks etc. and reported to Development and Infrastructure Services Executive Strategic Project Board.</p>	<p>Regeneration Project Manager – North Pier Maritime Visitor Facility</p> <p>Regeneration Project Manager – Oban Bay Public Realm</p>	<p>North Pier Maritime Visitor Facility – timescale dependent on outcome of legal action.</p> <p>Oban Bay Public Realm, PH2 Tender awarded in August within budget.</p>

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Financial summary — 2014/15

This Summary provides an overview of our financial position and the key issues that have arisen during the financial year. It provides information on revenue and capital income and expenditure for the year, assets and liabilities, borrowing and reserves with a comment on the future outlook.

The full set of annual accounts is available on our website at:

<http://www.argyll-bute.gov.uk/council-and-government/financial-statements>

During 2014-15 the council's net worth reduced by £13.9m. This resulted from a surplus in the provision of services of £4.6m offset by a deficit in Other Comprehensive Income and Expenditure of £18.5m. In terms of departmental expenditure this was under budget by £2.1m. The council spent £36.3m investing in fixed assets during the year.

The financial outlook for 2015-16 is one of relative financial stability. The council adopted a two-year budget for 2014-15 and 2015-16 in February 2014, based on achieving 1% cashable efficiency savings for each of these financial years.

Revenue expenditure—the day-to-day costs of delivering our services

Revenue expenditure includes the cost of employing staff, operating and maintaining buildings, the cost of goods and services purchased from suppliers and the cost of financing borrowing. Statutory adjustments are required to ensure the General Fund balance reflects statutory requirements in relation to pension costs and the cost of borrowing.

	Actual 14/15	Budget 14/15	Budget Variance	Actual 13/14	Variance 13/14	Actual Variance Year on Year
	£m	£m	£m	£m	£m	£m
Net cost of services	239.4	240.8	1.4	233.7	10.2	5.7
Other operating income and expenditure	0.9	3.3	2.5	1.1	1.2	(0.2)
Finance and investment income and expenditure	20.8	(0.1)	(20.9)	22.0	(22.1)	(1.2)
Total expenditure	261.1	244.1	(17.0)	256.8	(10.7)	4.3
Taxation and non specific grants	(265.7)	(246.4)	19.2	(268.5)	3.2	(7.2)
(Surplus)/deficit on provision of services	-4.6	(2.4)	2.2	(1.7)	(7.5)	(2.9)
Statutory adjustments	2.6	7.1	4.6	3.8	5.5	(1.2)
(Increase)/decrease in General Fund Balance	(2.0)	4.8	6.8	2.1	(2.0)	(4.2)

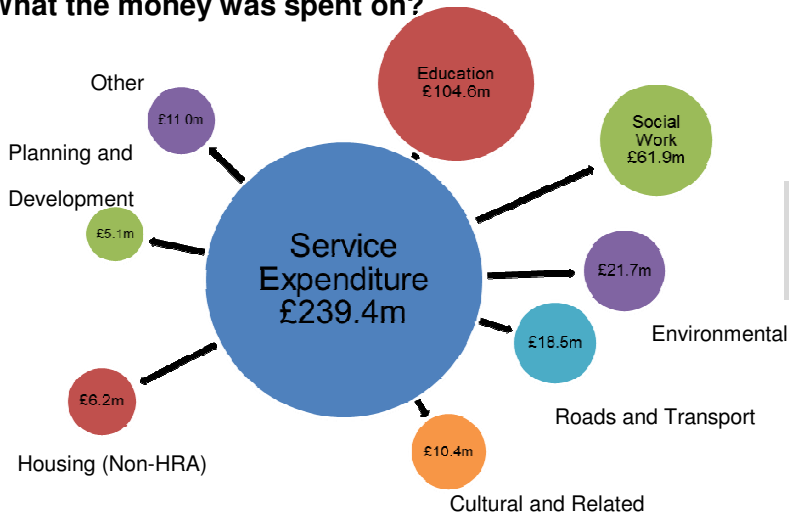
The net cost of service provision was £239.4m with total expenditure of £261.1m which was offset by taxation and non-specific grants totalling £265.7m. This left a surplus on the provision of service of £4.6m which after statutory adjustments of £2.6m resulted in an increase in the general fund balance of £2.0m.

Total expenditure increased by £4.3m from 2013-14. Expenditure on services increased by £5.7m. This was offset by an increase in interest and investment income of £1.2m.

The departmental controllable expenditure for 2014-15 was an underspend of £1.4m compared to budget excluding Joint Board requisitions and severance costs. When all expenditure and income is included the final outturn was an underspend compared to budget of £2.0m.

What the money was spent on—by service

What the money was spent on?



The total net cost of council services in 2014/15 was £239.4m.

- Education services is the largest proportion of net cost of service £104.6m (43.7%). This provides 73 primary schools, 5 secondary schools, 3 3-18 schools, 2 joint campuses – educating 10,565 pupils of which 5,770 primary and 4,775 secondary and 20 with special needs and employs 878 full time equivalent teachers.

Education—the largest proportion of net cost of service at £104.6m (43.7%)
- Social work services are next largest at £61.9m (25.9% of net cost of services). This provides services for 21 adult care residential units, 3 adult care day centres, 7 learning disability resource centres, 3 children's services residential units, 2 hostels, 123 looked after and accommodated children, 371 assigned learning disability cases, 520 older people clients in care homes and 1,284 adults receiving free personal and nursing care.

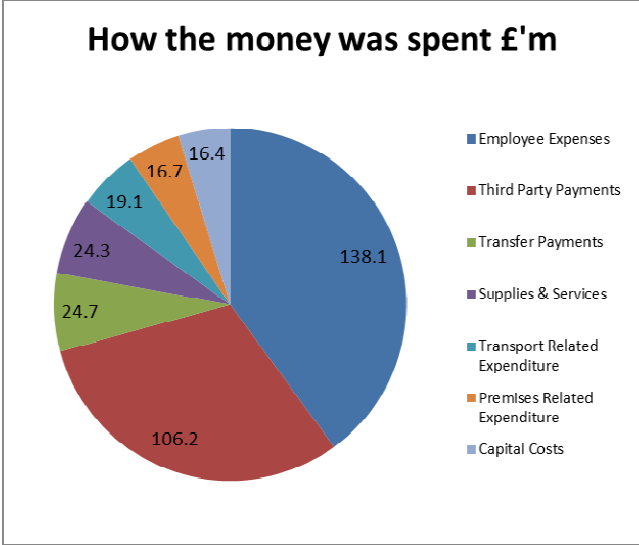
Social work—£61.9m (25.9% of net cost of services)
- Environmental Services spent £21.7m (9.1% of net cost of services). This provides services relating to 131 burial grounds undertaking an average of 675 burials per annum, 2,500,000m² of grass cutting, waste collection from 48,893 households and 33,148 tonnes of waste disposal.

2,500,000m² of grass cutting, collecting waste from 48,893 homes and more—£21.7m (9.1% of net cost of services)
- Roads and Transportation services spent £18.5m (7.7% of net cost of services). This includes provision of 2,283km of roads, winter maintenance, 895 bridges and 126 car parks.

2,283km of roads, 895 bridges, maintenance—£18.5m (7.7%)
- Cultural and Related services represent £10.4m or 4.3%. This relates to services including one museum, seven halls, 13 libraries (four of which are mobile) with a stock of around 180,000 books and five sports and leisure centres.
- Housing Services (non-HRA) represent £6.2m or 2.6%. This relates to services including 148 leased tenancies for homeless individuals, 716 instances of housing support and advice per quarter.
- Planning and development services represent £5.1m or 2.1%. Services include 1,145 building warrants received in the year, 1,318 planning applications determined and 112 business start-ups supported in the year.
- Other services amount to £11m (4.5%) and this includes corporate and democratic core, trading services, non-distributable costs and central services to the public. This includes registrars of births, deaths and marriages which undertook 2,768 registrations including 448 civil marriages and 6 civil partnerships in 2014/15.

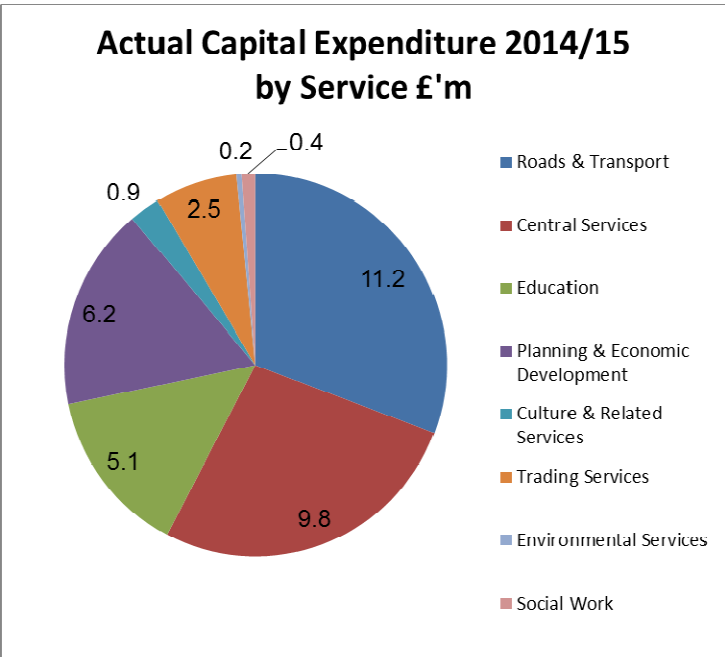
How the money was spent

This sets out the different types of costs incurred by the council. In addition to the net cost of services of £239.4m, income amounted to £106.1m resulting in gross expenditure of £345.5m. Employee expenses represent the largest proportion at £138.1m (40.0% of gross expenditure). The other significant cost is third party payments (payments to external parties such as contractors and voluntary organisations) - these represent £106.2m (30.7%). Other costs are all less significant - transfer payments £24.7m, supplies and services £24.3m, transport £19.1m, premises £16.7m and capital costs £16.4m which range from between 7.1% and 4.7% of gross expenditure.



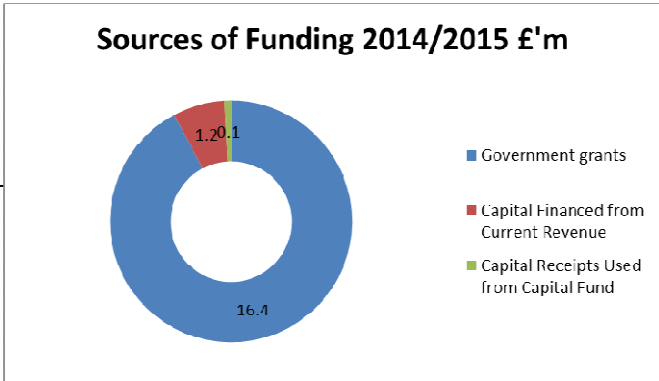
Capital expenditure—expenditure on council assets

This is money spent on acquiring or enhancing fixed assets such as land, buildings and equipment. Capital expenditure is funded from capital receipts, grants, revenue contributions. The net amount of capital expenditure each year is funded by borrowing.

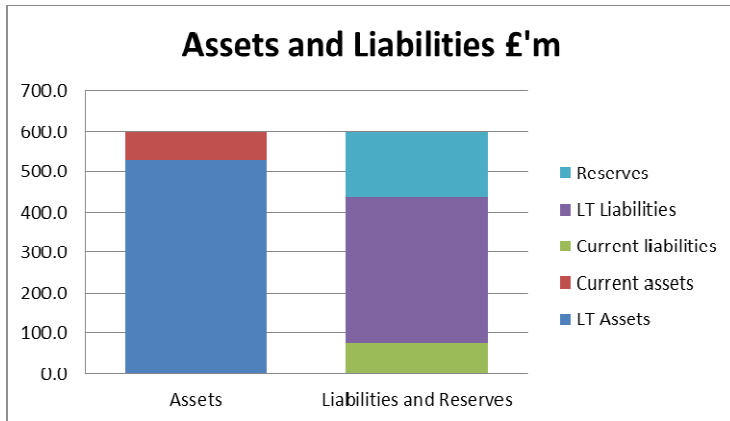


Gross capital expenditure was £36.3m. £11.2m related to roads and transportation, £9.8m to central services, £6.2m to planning and economic development, £5.1m to education services, £2.5m to trading services and the remaining £1.5m to culture & related, environmental and social work services.

£16.4m of the £17.7m capital funding is from government grants, this represents 92.2% of the total funding. The remaining funding is from capital financed from current revenue £1.2m or 7.0% and capital receipts used from capital fund £0.1m or 0.8%.



Balance Sheet—our assets and liabilities



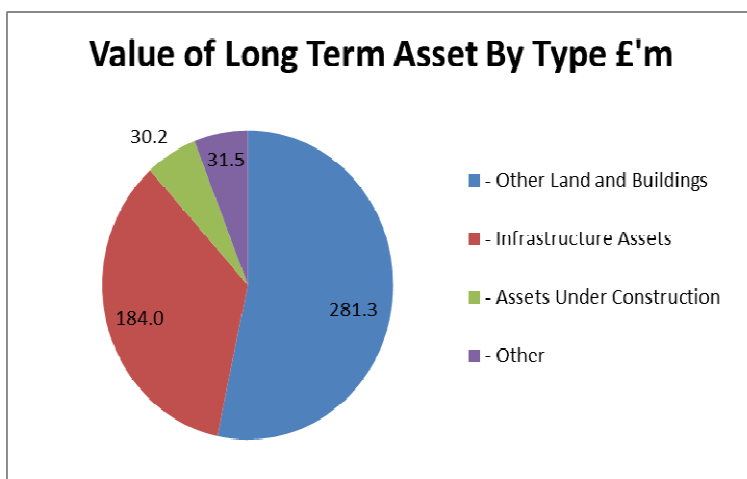
The balance sheet shows the value at the balance sheet date of the assets and liabilities recognised by the council.

Net assets (assets less liabilities) are matched by the reserves held by the council.

The net assets of the council reduced by £13.8m from £174.8m at 31 March 2014 to £161.0 at 31 March 2015.

Summary of Balance Sheet	31 March 2014 £'m	31 March 2015 £'m
Long term assets - Property, plant and equipment, heritage assets and long term debtors. The increase is a result of revaluation, capital expenditure less disposal and depreciation	514.5	527.1
Current assets - Stock, short term debtors, assets held for sale, short term investments and cash. The decrease is a result of a lower level of cash in the bank at 31 March 2014.	57.7	71.1
Current liabilities - Short term borrowing, creditors, provisions and other short term liabilities. The increase is mainly due to some borrowing now being payable within 12 months.	-48.7	-72.7
Long term liabilities - Not due for payment for at least 12 months and comprise borrowing, payments due under the NPDO, provisions and pensions liability. The increase is mainly due to an increase in pension liability.	-348.6	-364.5
Total reserves	174.8	161.0

Long-term assets



The value of the council's long term assets has increased from £514.5m at 31 March 2014 to £527.1m at 31 March 2015, an increase of £12.6m (2.44%).

This comprises the net of an overall upward re-valuation of fixed assets, capital expenditure in the year, less the value of fixed assets disposed.

Long-term assets

The main long term assets held by the council are land and buildings which account for £281.3m (53.4%).

Infrastructure assets account for £184.0m (34.9%).

Assets under construction amount to £30.2m (5.8%).

Other assets include vehicles, plant, equipment, investment property, surplus assets, long term debtors, community assets, heritage assets and software licences. These account for the remaining £31.5m (6.0%).

Argyll and Bute Council's long-term assets include:

- **83 schools**
- **2,283 km of roads**
- **895 bridges**
- **9 libraries**
- **7 halls**
- **4 swimming pools**

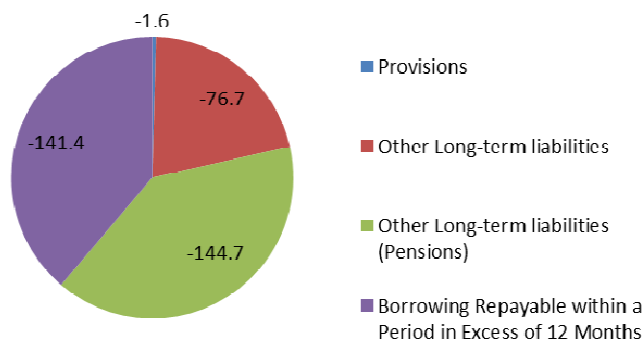
Current assets and liabilities

Total current assets have increased from £57.7m at 31 March 2014 to £71.1m at 31 March 2015 - an increase of £13.4m. The main reason for this is an increase in cash and cash equivalents of £17.8m from £6.1m at 31 March 2014 to £23.9m at 31 March 2015.

Total current liabilities have increased from £48.7m at 31 March 2014 to £72.7m at 31 March 2015—an increase of £24.0m. Short term borrowing has increased by £22.3m from £11.4m at 31 March 2014 to £33.7m at 31 March 2015.

Overall, long term liabilities have increased from £348.6m at 31 March 2014 to £364.5m at 31 March 2015. The increase of £15.9m is primarily due to the increase in the valuation of the pension scheme liability from £118.3m to £144.7m partly offset by a reduction in borrowing repayable beyond 12 months of £10.1m.

Type and Value of Long-Term Liabilities £'m



The main long term liabilities are pensions liability £144.7m (39.7%), borrowing that is due to be repaid in over a year £141.4m (38.8%), other long term liabilities, which include schools NPDO and land contamination amount to £76.7m (21.1%) and provisions make up the final £1.6m.

Treasury management—taking care of our borrowing and investments

Treasury management is taking care of our borrowing, cash flow and investments. We have to make sure that these bring the best possible returns so that the council can continue to deliver its essential services, while at the same time managing and planning for any risks.

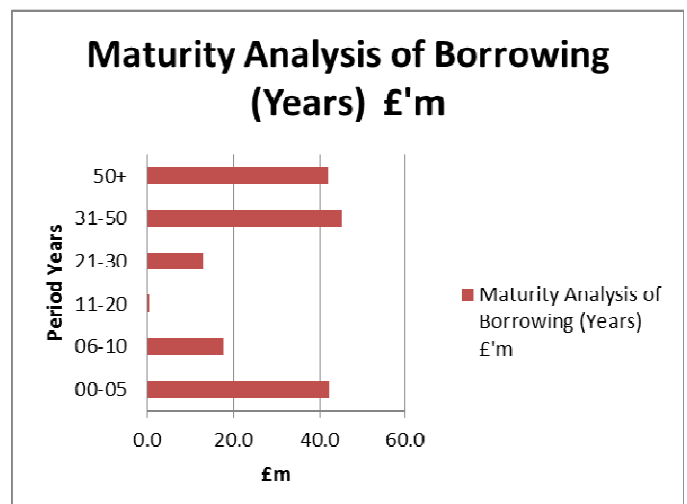
The Capital Financing Requirement (CFR) is the amount of money that the council needs to borrow to finance the assets it uses to deliver services.

	31 March 2015	31 March 2014
	£m	£m
Capital Finance Requirement	257.6	256.5
Borrowing incl NPDO	-251.2	-240.8
Over (Under Borrowed)	-6.3	-15.7

The table above sets out a comparison of the CFR with the council's actual borrowing which shows that the council was under-borrowed at both 31 March 2014 and 2015. This has occurred because the council is using part of its reserves to fund capital expenditure. This use of reserves has had the impact of reducing the cash the council has had to invest; this was a strategic decision as the rates of return on investments are lower than the interest rate that the council would have to pay if it borrowed money.

Borrowing

The council borrows money to finance capital expenditure. Borrowing allows us to spread the cost of capital expenditure over a number of years. The maturity profile reflects when loans are due for repayment. At 31st March 2015, the total sum of money borrowed from external sources was £173.4m. Most of this was financed by the Public Works Loan Board (£100.2m) with the rest coming mainly from the money market.



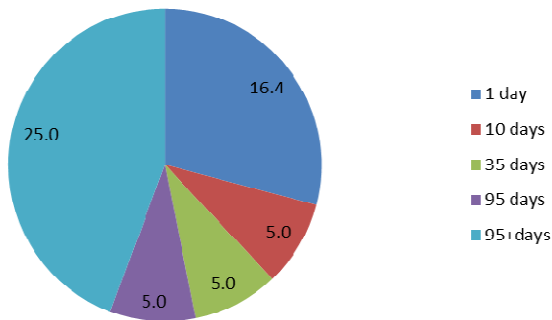
Find our full accounts online at

<http://www.argyll-bute.gov.uk/council-and-government/financial-statements>



Investments

Investments by Maturity Period £m



Our investment strategy is designed to optimise the rate of return allowing for the requirements to have cash available to make payments and to ensure that the money invested is repaid to the council in full.

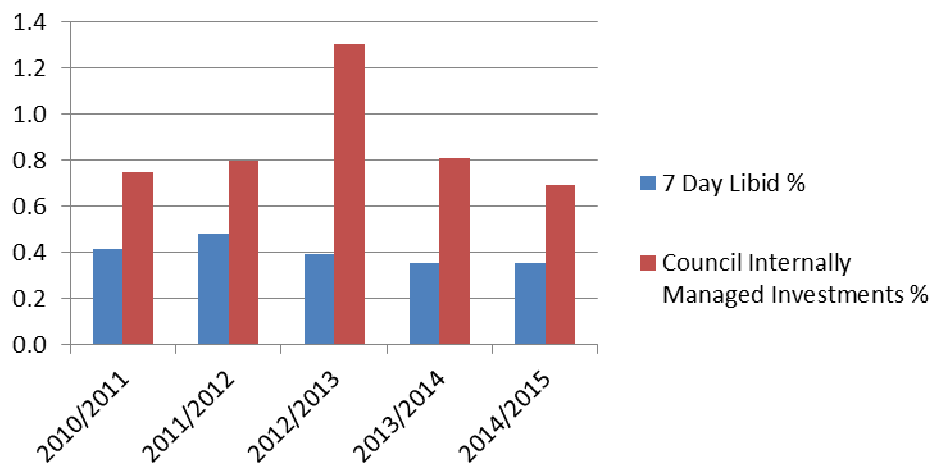
To achieve these objectives the council places cash with a number of different banks for periods ranging from overnight to one year, depending on the credit rating of the bank and the limits that have been set within the investment strategy relating to each institution.

At 31 March 2015 the council had investments of £56.4m. The chart above shows when these are due for repayment.

The chart on the right shows the trend in average interest rates over the last five years.

The trend has been one of increasing returns due to the availability of attractive rates of interest from the banks these rates have declined since 2013-2014.

Average interest rates 2010-2015



Reserves

Reserves can be usable or unusable:

Usable reserves:

- Backed by actual resources
- Can be applied to fund expenditure or reduce local taxation

Unusable reserves:

- Required purely for accounting purposes
- Do not represent resources available for the council to use

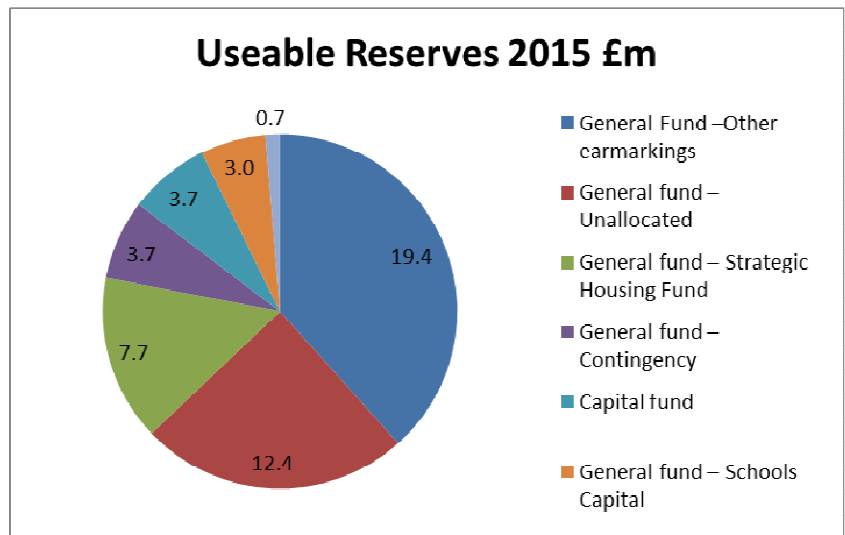
Reserves

The council has total reserves of £161.0m, but most of these (£110.5) are unusable reserves which are purely for accounting purposes and do not represent resources available for use. Usable reserves were £50.5 at 31st March 2015.

	31 March 2014	31 March 2015
	£m	£m
Unusable reserves	126.3	110.5
Capital fund	3.5	3.7
Renewal and repairs fund	1.0	0.7
General fund – Contingency	3.7	3.7
General fund – Strategic Housing Fund	7.5	7.7
General fund – Schools Capital	3.0	3.0
General Fund –Other earmarkings	19.9	19.4
General fund – Unallocated	10.0	12.4
Total reserves	174.8	161.0

Unusable reserves have decreased by £15.8m from £126.3m at 31 March 2014 to £110.5m at 31 March 2015 due to an increase in the pension liability, a surplus on revaluation reserve and a transfer for capital grants.

Useable reserves have increased by £2.0m from £48.5m at 31 March 2014 to £50.5m at 31 March 2015.



The main movements in useable reserves are as follows:

- Strategic housing fund has increased by £0.2m
- Earmarkings have decreased by £0.5m
- Unallocated reserves have increased by £2.4m

Future outlook

The financial outlook for 2015-16 is one of relative financial stability, the future beyond that is more challenging. The council adopted a two-year budget for 2014-15 and 2015-16 in February 2014. This was to allow budgetary savings based on achieving 1% cashable efficiency savings for each of these financial years. 2015-16 will be a year of more intensive planning to review the resources available to the Council and how they are used to deliver on priorities and objectives over a very challenging medium term

The three-year capital plan has been agreed by the council for the periods to 2017-18, with a capital expenditure of £41.4m in 2015-16, £25.5m in 2016-17 and £51.1m in 2017-18.





Financial Snapshot 2014/15

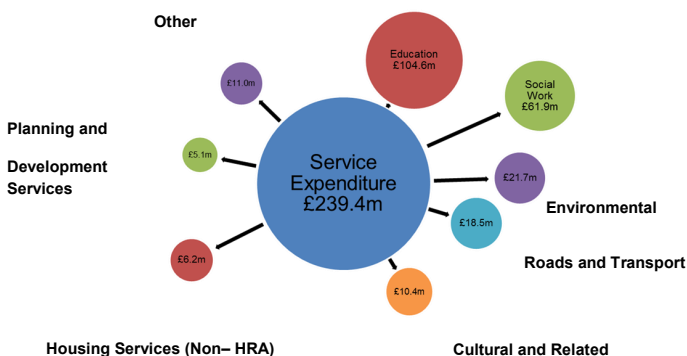
An outline of Argyll and Bute Council's financial position during the 2014/15 period, highlighting the key issues over the year.

Revenue expenditure—the day-to-day costs of delivering our services

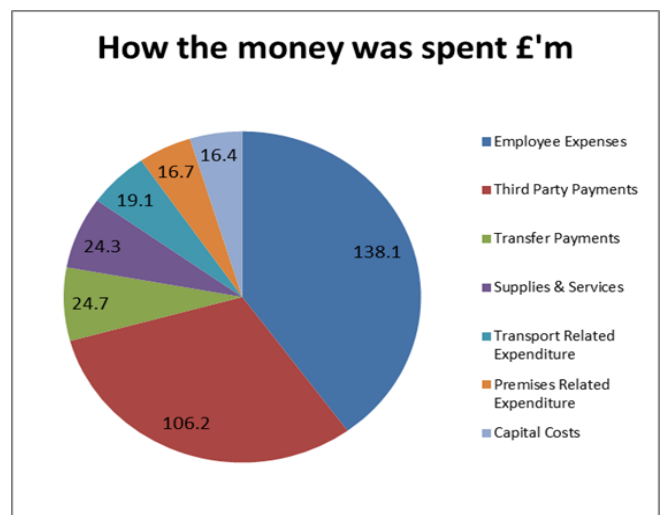
	Actual 14/15 £m
Net cost of services	239.4
Other operating income and expenditure	0.9
Finance and investment income and expenditure	20.8
Total expenditure	261.1
Taxation and non specific grants	(265.7)
(Surplus)/deficit on provision of services	-4.6
Statutory adjustments	2.6
(Increase)/decrease in General Fund Balance	(2.0)

- During 2014/15 we spent £239.4m on services.
- Most of this was spent on Education and Social Work which account for 70% of the net cost of services.
- The gross cost of services was £345.5m with the cost of employing staff and payments to contractors and outside agencies representing the 2 biggest costs and 71% of the gross cost.

What the money was spent on? £'m



How the money was spent £'m



Capital expenditure—spending on our assets

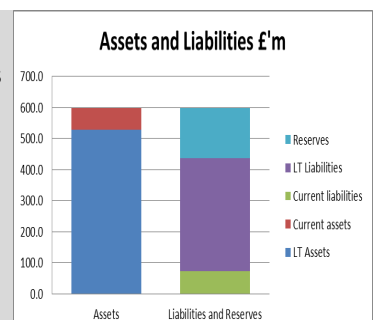
Capital expenditure is the money spent on acquiring or enhancing fixed assets like buildings, land, roads and equipment. It is funded by income from sales of assets, government grants and contributions from reserves and the revenue budget with the balance coming from borrowing. During 2014/15 capital expenditure was £36.3m with capital funding of £17.8m resulting in borrowing of £18.5m.

	Actual 14/15 £m
Gross capital expenditure	36.3
Capital funding	17.8
Borrowing	18.5

Balance Sheet—our assets and liabilities

Long term assets include buildings, land, roads and equipment. Current assets are mainly monies owed to the council and cash held in bank accounts or on investment. Current liabilities are sums we are due to pay within the next financial year. Long term liabilities include long term borrowing, future payments for NPDO and pension liabilities.

Net assets (comprising long term and current assets less current and longer term liabilities) is represented by the council's reserves. The council's net assets are £161.0m.





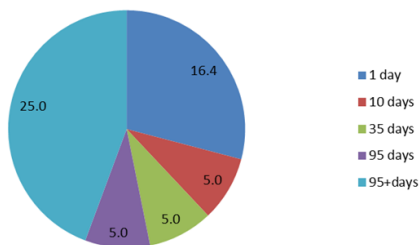
Financial Snapshot 2014/15

An outline of Argyll and Bute Council’s financial position during the 2014/15 period, highlighting the key issues over the year.

Treasury management—our borrowing and investments

Treasury management is taking care of our borrowing, cash flow and investments. We have to make sure that these bring the best possible returns so that the council can continue to deliver its essential services, while at the same time managing and planning for any risks.

Investments by Maturity Period £m



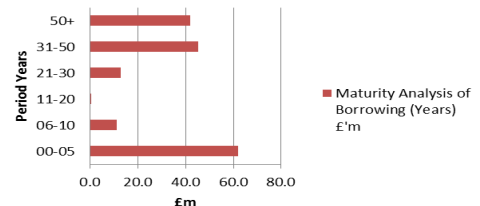
Our investment strategy aims to optimise the rate of return. This helps us to ensure we have money available to make payments when we need to, and also to make sure that the money invested is repaid to the council in full.

To achieve this we place money with a number of different banks for periods ranging from overnight to one year, depending on the credit rating of the bank and the limits relating to that institution and set out within our investment strategy.

Borrowing

At 31st March 2015, the total sum of money borrowed from external sources was £173.4m. Most of this was financed by the Public Works Loan Board (£100.2m) with the rest coming mainly from the money market.

Maturity Analysis of Borrowing (Years) £'m



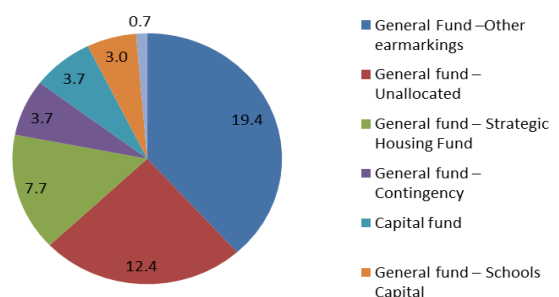
Reserves—amounts set aside for specific purposes

Reserves can be usable or unusable. Usable reserves are those backed by actual resources and can be applied to fund expenditure or reduce local taxation. Unusable resources are required purely for accounting purposes—they do not represent resources available for the council to use. The council holds a total of £161.0m in reserves. Usable reserves sit at £50.5m.

Unusable reserves have decreased by £15.8m to £110.5m, due to an increase in the pension liability, a surplus on revaluation reserve and a transfer for capital grants.

	31 March 2015 £m
Unusable reserves	110.5
Capital fund	3.7
Renewal and repairs fund	0.7
General fund – Contingency	3.7
General fund – Strategic Housing Fund	7.7
General fund – Schools Capital	3.0
General Fund –Other earmarkings	19.4
General fund – Unallocated	12.4
Total reserves	161.0

Useable Reserves 2015 £m



AUDIT COMMITTEE ANNUAL REPORT 2014/15**Introduction by the Chair of Audit Committee**

This report provides an overview of the Audit Committee's activity during the financial year 2014/15.

I am pleased to report that the Audit Committee continued to focus its efforts on effectively discharging its functions and responsibilities in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance of 2004 entitled "Audit Committee principles in local authorities in Scotland: a guidance note".

The Audit Committee met quarterly throughout the financial year i.e. March, June, September, and December; the meetings were attended by representatives of the Head of Governance and Law, the Head of Strategic Finance, the Chief Internal Auditor, Audit Scotland along with other Council Officers as and when requested to attend.

In 2014/15, the following Councillors served on the Audit Committee; Gordon Blair, Maurice Corry, Iain MacDonald, Richard Trail and Michael Breslin. In respect of the Chair and Vice Chair posts, I, Martin Caldwell continued in the role of Chair with Sheila Hill as Vice Chair.

In looking forward to 2015/16 and beyond, and given the significant financial pressures facing the Council, the importance of an effective Audit Committee remains critical. Along with my fellow members I look forward to meeting the challenges ahead and continuing to add value to the Council's governance framework.

Martin Caldwell
Chairperson

Sheila Hill
Vice Chairperson

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Terms of Reference

- 1.1 The Committee's Terms of Reference are to promote good internal control, financial and risk management, governance and performance management. This provides substantial assurance of effective and efficient operation, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.
- 1.2 The specific Terms of Reference are as follows –

Constitution

- The Council has established a Committee to be known as the Audit Committee.

Key Activities

- Agree the Internal Audit strategic plan, oversee and review action taken on Internal Audit recommendations;
- Consider the annual report, opinion, and summary of Internal Audit activity including the level of assurance it can give over the Council's corporate governance arrangements, internal control and risk management system, and to consider other specific Internal Audit reports.
- Consider the External Auditor's Annual Audit Plan, Annual Letter, relevant reports, and the report to those charged with governance and other specific External Audit reports;
- Comment on the scope and depth of External Audit work and to ensure it gives value for money;
- Commission work from Internal Audit, External Audit and third parties where appropriate;
- Consider the performance of Internal and External Audit;
- Facilitate training to support the role of Audit Committee Members;
- Develop a culture of compliance within the Council to ensure the highest standards of probity and public accountability;
- Support best practice in the financial administration of the Council;
- Review the Council's financial performance as contained in the Annual Report, and to report annually to the Council on the internal control environment;
- There should be a least one meeting a year, or part thereof, where the Audit Committee meets the Internal and External Auditors separately from management;
- The Committee will prepare an annual work plan setting out meeting dates for the financial year and anticipated Internal Audit, external audit and management reports expected to be covered at each meeting; and
- The Committee shall prepare an annual report to the Council covering its activities and key findings each year. This report will be considered at the Council meeting that agrees the External Auditor's annual audit letter; and in addition, the Committee will submit highlight reports to the Council as appropriate.

Regulatory Framework

- Maintain an overview of the Council's Constitution in respect of contract procedure rules, and financial regulations;
- Monitor and seek assurance with regard to risk control measures through the review of the effectiveness of risk management systems and corporate governance in the Council;
- Monitor the Anti-fraud and corruption strategy and the Council's arrangements for dealing with any allegations of fraud or similar improper behaviour; and to consider the Council's compliance with its own and other published standards and controls; and
- Monitor the Council's compliance with the Public Interest Disclosure Act and the Bribery Act in the discharge of its functions.

Financial Accounts and Governance

- Examine the activities and accounts of the Council and exercise a governance role over management efforts to ensure that:
 - (a) The expenditure approved by the Council has been incurred for the purposes intended;
 - (b) Services are being provided efficiently and effectively;
 - (c) Value for money is being obtained, all in accordance with Best Value requirements; and
 - (d) The Council has appropriate information and advice available to them to make decisions.
- Review the annual statement of accounts, specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council;
- Oversee the production of the Council's Governance and Internal Control Statement; and
- Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Other Monitoring

- Assess the effectiveness of the Council's Performance Management System;
- Consider performance and inspection reports from Internal Audit, external audit and other relevant scrutiny bodies;
- Commission specific reviews to be carried out where necessary;
- Review Best Value arrangements and outcomes, with consideration of both external and internal Best Value reports, strategy/plans and outcomes from Best Value reviews;

- Review the impact of national performance reports from external bodies such as Audit Scotland and consider their impact on future audit plans in terms of audit work to be undertaken by both external and Internal Audit; and
- The Chief Executive will attend one meeting per annum to report on how the Council is addressing its key strategic risks and other matters of interest.

2.0 Audit Committee's Effectiveness and Impact

2.1 The Audit Committee's role is to ensure that the Council's internal control framework and governance arrangements are operating effectively. The Audit Committee receives and reviews reports covering:

- External and Internal Audit Annual Plans and Audit Reports;
- Quarterly Progress Reports on Internal Audit Plan;
- Audit Recommendation Follow up Reports;
- Risk Management Reports;
- Corporate Performance Audit Report;
- Council's Assurance & Improvement Plan;
- Financial Statements;
- Treasury Management Assurance Report;
- National Reports;
- National Fraud Initiative Reports; and
- Performance Management Annual review /assurance report.

2.2 The Audit Committee has the right to request updates after reviewing submitted reports. This approach afforded the Audit Committee the opportunity to ask directly key questions and receive assurances. In addition, the Audit Committee can routinely challenge management when agreed audit recommendations implementation dates were missed.

2.3 Audit Scotland in March 2014 presented their Annual Audit Plan setting out their approach to the audit of the Council, reflecting their statutory duties and risk based approach. The Audit Plan was considered by the Audit Committee and accepted. Internal audit also presented their annual audit plan for 2014/15 which was approved.

2.4 I am pleased to be able to note that Member attendance at quarterly meetings has significantly improved from previous years. In order to ensure the Audit Committee builds on its effectiveness and maintains a positive impact and high profile within the Council it is essential that members continue to attend scheduled meetings.

2.5 In its ongoing development the Audit Committee has introduced a number of changes resulting in additional assurance and improved effectiveness. These are:

- Securing an Assurance Mapping report for the Council
- Developing communication protocols between Internal and External Audit
- Securing an Annual Audit and Risk report from the Chief Executive.
- Ensuring reporting formats are in line with Public Sector Internal Audit Standards (PSIAS);
- Strengthening the process of annual audit plan preparation by requesting draft version for early discussion.
- Undertaking Effectiveness self -evaluation using CIPFA guidance documentation

- Introduction of informal Effectiveness / development sessions prior to Audit Committee meetings.

2.6 Increased management attendance at Committee meetings has allowed members to challenge officers actively in relation to findings and recommendations within reports. It is intended that where reports are of limited assurance level then relevant management /officer representation will be available as matter of course.

3. Assurances

3.1 Internal Audit Assurance

3.1.1 Internal Audit is a key source of assurance for both members and management on the effectiveness of the control environment. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance.

3.1.2 The Committee has received regular reports and information from the Chief Internal Auditor including:

- Internal Audit's risk based planning methodology and annual audit plan;
- Regular progress reports;
- An Annual report from the Chief Internal Auditor in line with best practice in the CIPFA code for Internal Audit in Local Government which provided an opinion on the control environment and the effectiveness Internal Audit activity.

3.1.3 Control weaknesses are effectively dealt with due to the Committees' continued emphasis on the importance of fully implementing Internal Audit recommendations.

3.2 External Audit Assurance

3.2.1 External Audit is an essential part of the process of accountability and assurance for public funds, providing an independent opinion on the financial statements, and reviewing aspects of governance and financial management. Working closely with Internal Audit, the External Audit programme ensures that statutory responsibilities are delivered, without the duplication of audit work. Both programmes are submitted to the Audit Committee for scrutiny.

3.2.2 Assurance was received from external auditors, Audit Scotland, for 2013/14 financial statements as follows:

- They presented a true and fair view in accordance with applicable law;
- The accounts prepared properly in accordance with IFRS; and
- The accounts prepared properly in accordance with Local Government Act (Scotland) 1973.

3.2.3 External Audit is required to report by exception on a number of areas in relation to their audit, namely accounting records, statement of governance and control, availability of information and explanation and failure to achieve a prescribed financial objective. External Audit reported no exceptions in respect of these matters for 2013/14.

- 3.2.4 In their 13/14 report, External Audit included a review of internal audit and concluded that overall the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

3.3 Systems of Risk Management

- 3.3.1 It is the role of the Audit Committee to gain assurance on the adequacy of the system of internal controls and on the adequacy of the system of risk management. The role of the Audit Committee is to test the adequacy of the arrangements in place to manage risk. The Audit Committee in 2014/15 received risk management reports and these showed continued progress by the Council in the development and regular review of risk management systems. The Audit Committee has agreed to maintain its focus on seeking assurance on the development of adequate systems of risk management. The Audit Committee commissioned and secured an Assurance Mapping report which was prepared by Grant Thornton, Internal Audit Strategic partners. The Chief Executive also presented a report to the committee on Audit and Risk arrangements.

3.4 Governance & Internal Control

- 3.4.1 In accordance with the CIPFA/SOLACE guidance note for Scottish Local Authorities, issued in May 2009, the completed Local Code of Governance 2013/14, together with an Action plan, was presented and reviewed at the June 2014 Audit Committee meeting. The draft Statement of Governance & Internal Control was also reviewed and approved for inclusion in the Annual Accounts, subject to External Audit feedback.

- 3.4.2 The draft Statement of Governance & Internal Control was informed by the:

- Work of officers within the Council;
- Work of External and Internal Audit;
- Statements of governance or internal control provided by external bodies;
- External review and inspection reports and
- Recommendations from the Audit Committee.

The content of the Governance Statement and the process for preparing the Governance Statement will be reviewed for 2014-15 financial year end.

4. Looking Ahead

- 4.1 Argyll and Bute Council is currently incurring an External Audit fee at the higher level as a result of increased correspondence from members of the public. It is the desire of the Audit Committee in carrying out its activities to endeavour to add additional assurance in respect of governance, risk and control processes which will hopefully contribute to a possible reduction in external audit fees.
- 4.2 The Committee is committed to self-evaluation and continuous improvement. Effectiveness sessions are planned to continue throughout the forth-coming year and members contributions are fully appreciated. Focus will continue to be on the role of the Audit Committee, developing skillset and expertise to allow effective challenge together with developing links with the work of the Scrutiny committee.

5.0 Independence

- 5.1 To assist in preserving the Committee's independence and provide a clear distinction between the Audit Committee and the Performance Review and Scrutiny Committee measures are in place including:
- The appointment of an independent chair and vice chair; and
 - Clear terms of reference for both Committees
- 5.2 There are areas where Audit and Scrutiny naturally combine and a protocol for joined up working or areas of collaboration will be developed during 15/16. Initial discussion have taken place between the both Chairpersons and respective officer support.

6.0 Training and Development

- 6.1 The Council continues with its Internal Audit partnership approach with Grant Thornton which has proved very beneficial in terms of PSIAS compliance, strategic support and specialist discreet areas of work.
- 6.2 Audit Committee Effectiveness sessions have taken place throughout the year, aimed at addressing themes arising from analysis of the CIPFA self-assessment exercise. It is anticipated that these will continue throughout 15/16 although the frequency may be reviewed. Any specific training requirements or requests will be addressed as and when they arise.

7.0 Conclusion

- 7.1 Based on the reports received and reviewed by the Committee and the follow up work requested, it is the opinion of the Audit Committee that substantial assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in 2014/15. It is noted that a number of reports did have limited assurance however active monitoring / follow up of recommendations and management actions during the year leads to an overall substantial opinion grading.
- 7.2 Throughout 2014/15 the Audit Committee evolved and continues to evolve with an agreed framework of reporting which allows it to undertake appropriate assessment of the Council's progress in addressing identified issues covering risk, governance and internal control. With a solid base established in this regard, the Committee continues to adopt a pro-active posture on the Council's operations.

Audit Committee performance has been aided through the expertise and contribution from its Members during 2014/15.

ARGYLL AND BUTE COUNCIL
CUSTOMER SERVICES

SPECIAL COUNCIL
22nd OCTOBER 2015

PLANNING OUR FUTURE – Cover Report

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this cover report is to update the Council on the recommendations arising from the Special Policy and Resources Committee held on 8th October in relation to Planning Our Future.

Council is invited to consider the recommendations and the associated detail contained in the reports presented to the Policy and Resources Committee on Services Choices (Item 6a) and Innovation, Income Generation and Growing the Economy (Item 6c).

Council is also invited to consider the reports on Public Consultation (Item 6d) which has been revised following the Special Policy and Resources Committee, and on substituted savings (item 6b).

- 1.2 At the Special Policy and Resources Committee Meeting on 8th October the Committee agreed to make recommendations to Council as follows:

That members of the Policy and Resources Committee:

Note that 80% of the Council's funding comes from the Scottish Government.

Notes the eight-year Council Tax freeze and the Scottish Government's penalty scheme for local authorities which do not participate.

Note that the Council's grant from the Scottish Government has been reduced by over £30m in recent years while funding for other public agencies has increased (in one case by £17m).

Note that Argyll and Bute Council's funding from the Scottish Government is predicted to reduce substantially over the coming years, resulting in a budget gap of between £21.7m and £26m.

Welcomes the advice in Audit Scotland's annual report to members and the Controller of Audit dated September 2015, which notes the following key points about Argyll and Bute Council's financial management:

- *The Council's financial management in 2014/15 has been effective*
- *The Council has a good history of keeping expenditure within budget*
- *Budgets are closely monitored with progress against budget being regularly reported*
- *Governance arrangements are generally sound and improvements are in progress*

- *Key financial controls operated effectively during 2014/15*
- *The Council is generally meeting its requirements to report publicly on its performance*

Note the Scottish Government underspend of £413m in 2014 and £347m in 2015 – a total underspend of £760m.

To note the advice supplied by the Auditor General to the Scottish Government where he said “that there is a growing need for more information on the financial position of the devolved Scottish public sector and has called on the Scottish Government to set out clear plans and timescales on how it plans to improve on its financial reporting to enhance proper scrutiny of its spending”.

Note that alongside the budget arrangements and Planning our Future process, the Council set up a cross-party project board in April 2015, including 8 Administration members, 4 SNP Group members and two trades union representatives.

Note the consensus among members of the cross-party project board, with no dissensions, in agreeing to recommend to this committee that all options for savings go out to public consultation as set down in recommendation 3.2 in the report to members.

Note that the options going out to consultation offer more total savings than required, to allow for choice and effective consultation with the public.

Note that, in light of the reduced funding from the Scottish Government, in order to retain the current level and quality of services and job numbers, the Council would have to increase Council Tax by around 23% over the next two years in order to meet both the estimated £9m budget gap and a £1.4m hold-back penalty from the Scottish Government for removing the Council Tax freeze.

In light of the lack of sufficient funding from the Scottish Government to deliver the current level of Council services and the concerns being expressed to us by our communities, calls on the Council’s Trade Unions, SNP Council Group and all members, our constituency and regional MSPs and MP to support our request that the Scottish Government provides additional funding from the advised Government underspend/surplus to local government in Scotland generally but in particular to our Council to assist us in removing the advised gap in our funding as they have done with other parts of the public sector, to help us keep important Council services and jobs and assist with the removal of savings.

Agrees that the Council Leader writes to the Depute First Minister requesting additional funding for our Council and that, until the security of that additional funding is forthcoming, that members agree to the recommendations to council that all options go out for public consultation.

Note that as part of the savings scoring a matrix will be developed, building on the work done with the trades unions as set down in paras 4.3.1 and 4.3.2 in the report before members.

Note that as part of the stage 3 templates, options for consideration followed a rapid equalities impact assessment with the intention of a full EQIA being carried out by Heads of Service alongside the consideration on the agreed matrix which will contain scoring and weightings prior to any savings option moving to firm budget savings proposals for consideration by the Council at its budget meeting in 2016.

Agrees to support the recommendations to set up an Innovation and Growth Fund as specified in the relevant paper.

Notes the detailed discussion that took place around the consultation paper; agrees that the paper should be reviewed in light of these discussions; that all elected members are invited to contribute any further comments on the consultation to the Communications Manager before 9am on Monday 12th October; and that the reviewed paper will be presented for consideration to the Council on 22nd October.

1.3 **Recommendation**

On consideration of the reports in relation to Planning Our Future the Council is invited to:

- a) Agree the recommendations of the Policy and Resources Committee.
- b) Approve the substituted savings identified in the paper at item 6b for inclusion within the options to be the subject of public consultation.
- c) Approve the approach to Public Consultation as set out in the paper at Item 6d.

Douglas Hendry
Executive Director of Customer Services
13th October 2015

Dick Walsh
Council Leader

For further information contact: Kirsty Flanagan, Head of Strategic Finance

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****8 OCTOBER 2015**

SERVICE CHOICES

1. EXECUTIVE SUMMARY

- 1.1 Service Choices was one element of the budget strategy, agreed at the Policy and Resources Committee on 18 December 2014, to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The focus over the last few months has been on Service Choices in response to the short term budgetary outlook, however, work has commenced on the other elements and progress reports will be brought forward in due course.
- 1.2 A Project Board was established to identify options for taking forward Services Choices. The Project Board, comprises 12 Members, 8 Administration and 4 Opposition and also two representatives from the Trade Unions. The Council Leader chairs the Board.
- 1.3 Service Choices has been progressing well and officers have now completed Stage 3 options development and the templates have been considered by the Project Board. The savings options were also presented at a Members Seminar on 18 September 2015 which gave Members the opportunity to provide comment on the options.
- 1.4 After considering the Stage 3 savings options, it is the recommendation of the Project Board that all Stage 3 options should go out to public consultation. This will allow for choice following the feedback of the budget consultation and also allow for any negative variation in the financial settlement.
- 1.5 The surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £0.797m. Although there is a larger surplus in the first year, any savings not agreed in 2016-17 would reduce the surplus in 2017-18.
- 1.6 There is no change to the budget outlook, however, it is likely that the finance settlement will not be known until January and this will have implications on the time available to prepare for the Council meeting in February.

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****8 OCTOBER 2015**

SERVICE CHOICES

2. INTRODUCTION

- 2.1 Service Choices was one element of the budget strategy, agreed at the Policy and Resources Committee on 18 December 2014, to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The focus over the last few months has been on Service Choices in response to the short term budgetary outlook, however, work has commenced on the other elements.
- 2.2 This report updates Members on the progress to date with the Service Choices process and outlines the recommendation from the Project Board on the savings options to go out to public consultation. It also provides an update on the budgetary outlook.

3. RECOMMENDATIONS

- 3.1 Members to note that a provisional financial settlement is usually received pre-Christmas, however, it is likely that it could be January 2016 before the finance settlement for 2016-17 is announced. This would have implications on the time available to prepare for the Council budget meeting in February.
- 3.2 Members agree that all Stage 3 savings options to go out to public consultation. This will allow for choice following the feedback of public consultation and also allow for any negative variation in the financial settlement.

4. DETAIL**4.1 Budgetary Outlook**

- 4.1.1 A report updating the revenue budget outlook for 2016-17 to 2020-21 was presented at the Policy and Resources Committee on 22 June. Based on the narrower range of best and worst case scenarios the budget gap across these years is estimated to be between £21.7m and £26.0m. The budget gap is weighted to the first two years, with a budget gap of up to £18.4m by 2017-18.
- 4.1.2 There have been no changes to the assumptions used for the update on 22 June. The most significant issue affecting the outlook remains to be the

Scottish Government funding. The UK Government has confirmed that the UK spending review will be announced on 25 November. In terms of the Scottish public spending plans, the provisional financial settlement is usually received pre-Christmas, however, it could be early January before Finance Secretary John Swinney makes a statement to Parliament announcing the finance settlement meaning that there is less time for Council's to prepare their budget – this may have implications for the Council budget meeting in February. COSLA will be arguing for a multi-year settlement to assist medium term planning.

4.2 Service Choices

4.2.1 A Project Board was established to identify options for taking forward Services Choices. The Project Board, comprises 12 Members, 8 Administration and 4 Opposition and also two representatives from the Trade Unions. The Council Leader chairs the Board.

4.2.2 The Project Board recommended that all policy options move forward into Stage 3 of the process and be considered by Members prior to consultation. This was approved at the Policy and Resources Committee on 20 August. A full list of the policy savings options are noted within Appendix 1.

4.2.3 Officers have now completed Stage 3 options development and the templates have been considered by the Project Board. The savings options were also presented at a Members Seminar on 18 September 2015 which gave Members the opportunity to provide comment on the options.

4.2.4 Stage 3 in the process was about developing the option further, confirming the level of savings and being clear about the impact of the saving. When developing the options some of the original estimated savings and staffing reductions have been revised. In some cases there are delays to the saving to reflect lead in time. There are 3 instances, totalling £0.251m where the original estimated saving (at Stage 2) has been reduced and where this is the case, departments have been requested to come forward with alternative savings. These alternatives are still to be identified but will feature in the report to Special Council on 22 October. The savings options that have been reduced are noted below:

- Development Policy – Remodel Access Team – Reduction of £50k
- Waste Management – 3 Weekly Collection – Reduction of £192k
- Waste Management – Commercial Refuse in Helensburgh – Removal of £9k saving.

4.2.5 The table below outlines the original estimated position alongside the updated position reflecting the changes.

	Original Estimate		Updated Estimate	
	2016-17 £000	2017-18 £000	2016-17 £000	2017-18 £000
Management/	1,094	1,145	1,044	1,145

Operational Savings				
Policy Options	9,169	12,912	8,193	12,312
Health and Social Care Savings (5% mid point)	2,813	5,626	2,813	5,626
Economic Development Investment	-286	-286	-286	-286
Total Available Options	12,790	19,397	11,764	18,797
Savings Target	-9,000	-18,000	-9,000	-18,000
Savings Over Target*	3,790	1,397	2,764	797

*It should be noted that there is a separate report entitled “Communications Team”, which is requesting additional investment in the Communications Team at a cost of £0.076m per annum. If this request is approved the savings over target would reduce by this amount in both years.

- 4.2.6 As can be seen from the table above, the surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £0.797m. Although there is a larger surplus in the first year, any savings not agreed in 2016-17 would reduce the surplus in 2017-18. It should therefore be noted that based on a two year budget approach, the surplus to give headroom for choice is effectively limited to £0.797m, however, this position could be subject to change once the financial settlement is known.
- 4.2.7 In terms of employees, the proposals identify a total of 242.1 FTE reduction in Year 1, 165.9 FTE reduction in year 2 and 16.3 FTE reduction in future years. This is a total reduction of 424.3 FTE. It should be noted that out of this figure there are 125.4 FTE that are part of the saving option to create a charitable leisure trust and if this option is agreed, staff would TUPE over into any new organisation and would not be made redundant. There are also a number of posts that are currently vacant.
- 4.2.8 HR are in the process of gathering information on the posts that are at risk of redundancy and this information will also allow an estimate of the cost of severance to be calculated.
- 4.2.9 After considering the Stage 3 savings options, it is the recommendation of the Project Board that all Stage 3 options should go out to public consultation. This will allow for choice following the feedback of the budget consultation and also allow for any negative variation in the financial settlement.
- 4.3 Council Prioritisation Matrix**
- 4.3.1 The Trade Unions have developed a matrix in order to score the savings

options. Their matrix contains 6 criteria:

- Impact on staffing levels
- Impact on service delivery
- Impact on community
- Impact on the vulnerable
- Likelihood of achieving savings
- Innovative solutions.

4.3.2 It was always the intention to develop a council prioritisation matrix and the Project Board will be considering the criteria to use. It is likely that the Trade Union criteria will be used as a basis for the matrix, but augmented with other criteria determined by the Project Board, for example, Impact on SOA, Impact on statutory responsibilities.

4.4 Planning our Future

4.4.1 Service Choices was one element of the budget strategy agreed to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The other elements that are part of the strategy are:

- Investing for economic growth
- Strategic Infrastructure Plan
- Investing for income.

Work has already commenced on the other elements and a report on Planning our Future will be brought to the Policy and Resources Committee in December.

4.4.2 There is a separate report on the agenda that sets out principles for consideration in respect of further work relative to innovation for Members to consider.

4.4.3 Officers continue to keep under review any opportunities for innovation and transformational change.

4.5 Consultation

4.5.1 The consultation period runs from the end of October to the end of December. A separate paper contains information on the consultation.

5. CONCLUSION

5.1 Good progress is being made on Service Choices and Stage 3 templates have now been completed and reviewed by the Project Board. The Project Board have recommended that all Stage 3 options should go out to public consultation. There are currently more savings than required based on the estimated savings requirement.

5.2 There is no change to the budget outlook, however, it is likely that the finance settlement will not be known until January and this will have implications on the time available to prepare for the Council meeting in

February.

- 5.3 The Trade Unions have shared their scoring matrix with Officers and consideration is being given to a council prioritisation matrix that would help to inform decision making.
- 5.4 Work is progressing on other Planning our Future issues and further reports will be brought forward.

6. IMPLICATIONS

- 6.1 Policy – Implications are outlined within the service choices savings templates.
- 6.2 Financial – Savings are outlined within the service choices savings templates.
- 6.3 Legal – Any legal implications are outlined within the service choices savings templates.
- 6.4 HR – There are HR implications, outlined within the service choices savings templates.
- 6.5 Equalities – Equality Impact Assessments have been carried out where appropriate.
- 6.6 Risk – Risks are outlined within the service choices savings templates.
- 6.7 Customer Service – Impact on service delivery is outlined within the service choices savings templates.

Policy Lead for Strategic Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
1 October 2015**

APPENDICES

Appendix 1 – List of Stage 3 Policy Options

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01A	Review of staffing structure within Strategic Finance.	140	5.0	259	7.0	259	7.0	Innovation/Efficiencies
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01F	Secondary review of staffing structure within Strategic Finance.	0	0.0	120	3.0	120	3.0	Stop to save
Community Services	Community and Culture	Adult Learning and Literacies	CC02a	Reduce Adult Learning and Literacies service availability.	87	3.4	104	3.4	104	3.4	Reduce to retain
Community Services	Community and Culture	Adult Learning and Literacies	CC02b	Reduce spend by 50% on Adult Learning and Literacies resources and tutors.	29	0.0	29	0.0	29	0.0	Reduce to retain
Community Services	Community and Culture	Community Centres and Community Development	CC03a	With resources shared across the community development and community planning teams, reduce cost of this team.	59	1.7	71	1.7	71	1.7	Innovation/Efficiencies
Community Services	Community and Culture	Community Centres and Community Development	CC03b	Reduce third sector grant funding by 10%.	14	0.0	14	0.0	14	0.0	Reduce to retain
Community Services	Community and Culture	Community Centres and Community Development	CC03c	By discontinuing the current arrangements with Centre Councils and operating the centres directly, Argyll and Bute Council would deliver an equitable approach to pricing.	45	0.0	45	0.0	45	0.0	Innovation/Efficiencies
Community Services	Community and Culture	Council Community Halls	CC05/1, CC05a, CC10a, CC11a and CC11a/1	Creation of a Charitable Leisure Trust.	0	0.0	700	125.4	700	125.4	Innovation/Efficiencies
Community Services	Community and Culture	Culture, Museums and Festivals	CC06a	Reduction in grant support to major events and festivals by 20%.	37	0.0	37	0.0	37	0.0	Reduce to retain
Community Services	Community and Culture	Culture, Museums and Festivals	CC06b	Offer Campbeltown Museum for community ownership and if no interest close the Museum	0	0.0	37	0.0	37	0.0	Stop to save
Community Services	Community and Culture	Culture, Museums and Festivals	CC06c	Reduce arts development budget.	10	0.0	10	0.0	10	0.0	Reduce to retain
Community Services	Community and Culture	Housing Strategy and Services	CC08 A	Reduce funding to enery and mediation advice services where there are other funding oportuntieies or reduced service demand.	13	0.0	41	0.0	41	0.0	Reduce to retain
Community Services	Community and Culture	Housing Strategy and Services	CC08 B	Reduce funding for rent deposit scheme and service user involvement.	14	0.0	14	0.0	14	0.0	Reduce to retain
Community Services	Community and Culture	Housing Strategy and Services	CC08 C	Reduce budget for Housing IT, Strategy development and staff training.	51	0.0	51	0.0	51	0.0	Reduce to retain
Community Services	Community and Culture	Housing Strategy and Services	CC08 D	Reduce staffing costs	37	1.0	45	1.0	45	1.0	Reduce to retain
Community Services	Community and Culture	Housing Strategy and Services	CC08E	Transfer of housing strategy staff costs to Strategic Housing Fund with no impact on service delivery but an impact on the resources available for housing development.	137	0.0	137	0.0	137	0.0	Innovation/Efficiencies
Community Services	Community and Culture	Libraries	CC10b	Reduce Library Management costs.	33	1.0	40	1.0	40	1.0	Reduce to retain
Community Services	Community and Culture	Libraries	CC10c	Withdrawal of the Mobile Library Service.	114	3.5	137	3.5	137	3.5	Stop to save
Community Services	Community and Culture	Tenancy Support Services and Welfare Rights	CC12A	Reduce funding by 25% for domestic abuse outreach support.	0	0.0	40	0.0	40	0.0	Reduce to retain

**SERVICE CHOICES
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Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Community Services	Community and Culture	Tenancy Support Services and Welfare Rights	CC12B	Reduce funding for tenancy support contracts.	191	0.0	191	0.0	191	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01a	Reduction in budget for disability access budget (the level of demand has meant that this budget has been underspent previously).	20	0.0	20	0.0	20	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01b	Reduce home and hospital tuition by 25%	3	0.0	3	0.0	3	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01c	Reduction in Quality Improvement Team materials by 60%.	15	0.0	15	0.0	15	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01d	Reduction in Specialist equipment by 20%.	7	0.0	7	0.0	7	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01e	Reduce Repairs outside Contractor costs for Special Education HQ by 39%.	7	0.0	7	0.0	7	0.0	Reduce to retain
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01h	Remove central budget for additional ASN cover.	80	0.0	80	0.0	80	0.0	Stop to save
Community Services	Education	Additional Support Needs (SEN Asst; Pupil Support Teachers; Various Therapy Support; etc)	EDUC01i	Reduction in Additional Support Needs assistants across areas by 45%.	970	72.0	1,370	72.0	1,370	72.0	Reduce to retain
Community Services	Education	Music Instruction and Creative Arts	EDUC02b	Reduce Creative Arts in Schools Team by 20%.	5	0.2	5	0.2	5	0.2	Reduce to retain
Community Services	Education	Music Instruction and Creative Arts	EDUC02c	Increase fees for music tuition by 50%.	50	0.0	50	0.0	50	0.0	Grow Council Income
Community Services	Education	Music Instruction and Creative Arts	EDUC02d	Reduction of Instrumental Instructors by 20%.	62	2.6	99	2.6	99	2.6	Reduce to retain
Community Services	Education	Early Years Service	EDUC03a	Withdraw services that the council is not required to provide for children under 5.	85	0.0	382	8.0	382	8.0	Stop to save

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LIST OF STAGE 3 POLICY OPTIONS**

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Community Services	Education	Early Years Service	EDUC03b	Reduce level of support available to the Council and providers of Early Learning and Childcare.	553	6.0	553	6.0	553	6.0	Reduce to retain
Community Services	Education	Early Years Service	EDUC03c	Withdraw 3% annual increase in payments to Early Learning and Child Care commissioned Providers.	41	0.0	82	0.0	82	0.0	Reduce to retain
Community Services	Education	Early Years Service	EDUC03d	Withdraw Early Years third sector grants and services.	91	0.0	183	0.0	183	0.0	Stop to save
Community Services	Education	Early Years Service	EDUC03e	Remove Early Years Change Fund used to support families.	0	0.0	90	0.0	90	0.0	Stop to save
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05a	Reduce central support and repairs/janitorial staff.	65	4.0	78	4.0	78	4.0	Reduce to retain
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05c	Reduce physical education facilities budget by 50%	60	0.0	60	0.0	60	0.0	Reduce to retain
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05d	Reduce janitorial cover budget by 20%.	13	0.0	16	0.0	16	0.0	Reduce to retain
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05e	Reduce Central Repairs budget by 20%.	128	0.0	159	0.0	159	0.0	Reduce to retain
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05g	Remove subsidy payment to community swimming pools.	15	0.0	15	0.0	15	0.0	Stop to save
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05h	Removal of Attendance Officer posts.	55	4.0	68	4.0	68	4.0	Stop to save
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05j	Reduction in clothing grants by 30%	39	0.0	39	0.0	39	0.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07a	Reduce Classroom Assistants by 20% - primary schools.	79	8.0	137	8.0	137	8.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07b	Reduce Clerical Assistants within schools by 20% - primary schools.	136	13.0	217	13.0	217	13.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07c	Reduce Pupil Support Assistants by 20% - primary schools.	37	3.0	62	3.0	62	3.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07d	Reduce janitor costs by 20% - primary schools.	96	8.6	153	8.6	153	8.6	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07e	Reduce of Supply Teacher costs by 20% - primary schools.	59	0.0	98	0.0	98	0.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07f	Removal of Management Development and Training Budget - primary schools.	49	0.0	49	0.0	49	0.0	Stop to save
Community Services	Education	Primary Schools - All Other Costs	EDUC07g	Reduce Grounds Maintenance by 20% - primary schools.	7	0.0	12	0.0	12	0.0	Reduce to retain
Community Services	Education	Primary Schools - All Other Costs	EDUC07h	Reduce budgets for individual schools by 20% - primary schools.	51	0.0	85	0.0	85	0.0	Reduce to retain

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LIST OF STAGE 3 POLICY OPTIONS**

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Community Services	Education	Primary Schools - All Other Costs	EDUC07i	Removal of budget for external support in foreign language education.	22	0.0	36	0.0	36	0.0	Stop to save
Community Services	Education	Primary Schools - All Other Costs	EDUC07k	Stop paying for lunches for lunchtime supervision staff - primary schools.	12	0.0	12	0.0	12	0.0	Stop to save
Community Services	Education	Secondary Schools - All Other Costs	EDUC08a	Reduce Classroom Assistants by 20% - secondary schools.	69	6.6	110	6.6	110	6.6	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08b	Reduce Clerical Assistants within schools by 20% - secondary schools.	68	6.2	108	6.2	108	6.2	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08c	Reduce janitor costs by 20% - secondary schools.	24	2.0	39	2.0	39	2.0	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08d	Reduce of Supply Teacher costs by 20% - secondary schools.	45	0.0	75	0.0	75	0.0	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08e	Removal of Management Development and Training Budget - secondary schools.	37	0.0	37	0.0	37	0.0	Stop to save
Community Services	Education	Secondary Schools - All Other Costs	EDUC08f	Removal of School Librarians in all Secondary Schools.	191	10.0	319	10.0	319	10.0	Stop to save
Community Services	Education	Secondary Schools - All Other Costs	EDUC08g	Reduce school technicians costs by 20%.	106	6.0	170	6.0	170	6.0	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08h	Reduce Grounds Maintenance by 20% - secondary schools.	5	0.0	8	0.0	8	0.0	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08i	Reduce budgets for individual schools by 20% - secondary schools.	63	0.0	105	0.0	105	0.0	Reduce to retain
Community Services	Education	Secondary Schools - All Other Costs	EDUC08k	Stop paying for lunches for lunchtime supervision staff - secondary schools.	12	0.0	12	0.0	12	0.0	Stop to save
Community Services	Education	Psychological Services	EDUC12a	Reduce Educational Psychology Services budget by 7%.	31	0.6	37	0.6	37	0.6	Reduce to retain
Community Services	Education	Psychological Services	EDUC12b	Reduce budget for Residential Schools by 7%.	74	0.0	74	0.0	74	0.0	Reduce to retain
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01a, CSS01b, CSS01c, CSS01d & CSS01j	System Maintenance and staff savings due to channel shift (moving from face to face contact to telephony, web and self service).	64	3.5	116	5.5	207	7.5	Reduce to retain
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01e	Change Tیره Service Point arrangement - the service to be provided via a third sector body.	9	0.5	19	0.5	19	0.5	Innovation/Efficiencies
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01f & CSS01i	20% savings on Postages, Printing and Stationery across all Service Points.	10	0.0	10	0.0	10	0.0	Innovation/Efficiencies
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01k	Removal of budget for property maintenance for service points in Jura and Colonsay which reduces ability to do any regular property maintenance.	4	0.0	4	0.0	4	0.0	Reduce to retain
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01m	Rothesay Servicepoint reduce opening hours to 17.5 hours.	0	0.0	20	0.5	20	0.5	Reduce to retain
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02c and CSS02d	Reduction in postage, printing and stationery costs - stop providing pre-paid envelopes with all forms issues, increase correspondence by email.	23	0.0	23	0.0	23	0.0	Innovation/Efficiencies
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02g	Council tax e-billing/landlords portals - replace external contract with in-house solution.	0	0.0	0	0.0	50	0.0	Innovation/Efficiencies

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

APPENDIX 1

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02h	Increase income - Use statutory powers to levy civil penalty charges on landlords who fail to provide tenants timeously which make it difficult to collect council tax.	34	0.0	64	0.0	64	0.0	Grow Council Income
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02i	Income from double charge Council Tax in part to support administration costs of raising this income - this will ensure collections of double charge are maintained.	80	0.0	80	0.0	80	0.0	Innovation/Efficiencies
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02j	Housing Benefits posts to be reduced to match expected reduction in caseload following introduction of Universal Credit.	0	0.0	24	1.0	48	2.0	Innovation/Efficiencies
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02k	Remove NDR discretionary relief for charitable bodies.	90	0.0	90	0.0	90	0.0	Stop to save
Customer Services	Customer and Support Services	Creditors	CSS03a, CSS03b and CSS03c	Reduce postage, stationery and printing costs - issue all payment remittance advices by email, reduce use of cheques for payments and increase use of BACS.	13	0.0	13	0.0	13	0.0	Innovation/Efficiencies
Customer Services	Customer and Support Services	Information Technology	CSS04b	Replace broadband circuits to offices and schools with cheaper, lower bandwidth alternatives.	189	0.0	139	0.0	139	0.0	Innovation/Efficiencies
Customer Services	Facility Services	Catering	FS01A-C	Catering - longer term redesign of service.	0	0.0	0	0.0	560	tbc	Will be consulted on at a later date
Customer Services	Facility Services	Catering	FS01D	Develop a separate unit, to deliver special catering for events and functions.	0	0.0	40	0.0	40	0.0	Innovation/Efficiencies
Customer Services	Facility Services	Cleaning	FS02A-B	Cleaning - longer term redesign of service.	0	0.0	0	0.0	255	tbc	Will be consulted on at a later date
Customer Services	Facility Services	Property	FS03F	Spend-to-save projects - Generate Water Utility Savings.	9	0.0	100	0.0	100	0.0	Innovation/Efficiencies
Customer Services	Facility Services	Property	FS03G	Spend-to-save projects - Generate Energy Utility Savings.	3	0.0	25	0.0	25	0.0	Innovation/Efficiencies
Customer Services	Facility Services	Property	FS03H	Increase efficiency of heating provision - Installation of biomass boilers	0	0.0	12	0.0	12	0.0	Innovation/Efficiencies
Customer Services	Facility Services	Property	FS03I	Rationalise the Estates Section delivering various functions through external providers.	41	1.4	50	1.4	50	1.4	Innovation/Efficiencies
Customer Services	Facility Services	Property	FS03J	Reduce central repairs budget by 14.5% by removing planned maintenance for schools, libraries and social work premises	123	3.0	164	3.0	164	3.0	Reduce to retain
Customer Services	Facility Services	Property	FS03K	Reduce central repairs budget by 8.4% by removing planned maintenance for shared offices from 2016/17.	35	1.0	46	1.0	46	1.0	Reduce to retain
Customer Services	Facility Services	Property	FS03L	Reduce shared office central repairs budget by 21.6% from 2017/18 .	0	0.0	118	0.0	118	0.0	Reduce to retain
Customer Services	Facility Services	Property	FS03M	Remove Out-of-Hours Property Emergency Line cover.	9	0.0	9	0.0	9	0.0	Stop to save
Customer Services	Facility Services	School and Public Transport	FS04B	Improve use of fleet (transport) resources across different council teams	0	0.0	16	1.0	16	1.0	Innovation/Efficiencies
Customer Services	Facility Services	School and Public Transport	FS04F	One off 25% reduction in bus stop/shelter budget in 2016/17 only.	16	0.0	0	0.0	0	0.0	Reduce to retain
Customer Services	Facility Services	School and Public Transport	FS04G	Remove Discretionary Community Transport Grant Funding.	93	0.0	93	0.0	93	0.0	Stop to save
Customer Services	Governance and Law	Governance	GL01a1	Reduce Area Committee/Governance functions, with reduced support for Elected Members.	0	0.0	301	9.8	301	9.8	Reduce to retain

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Customer Services	Improvement and HR	Improvement and OD and Human Resources	IHR01A	Combine Improvement and Organisational Development and Human Resources teams to create a single service.	105	2.5	126	2.5	616	14.7	Innovation/Efficiencies
Customer Services	Improvement and HR	Health and Safety	IHR03a	Redesign delivery of personal safety training for employees.	32	1.0	38	1.0	38	1.0	Innovation/Efficiencies
Customer Services	Improvement and HR	Health and Safety	IHR03b	Develop on-line support to redesign the Health and Safety Advisory team.	68	1.5	81	1.5	81	1.5	Innovation/Efficiencies
Development and Infrastructure Services	Economic Development	Marine	ED02a	Reduce subsidies to freight operators in Campbeltown.	31	0.0	34	0.0	37	0.0	Grow Council Income
Development and Infrastructure Services	Economic Development	Marine	ED02b	Increase piers and harbours berthing charges.	25	0.0	39	0.0	58	0.0	Grow Council Income
Development and Infrastructure Services	Planning and Regulatory Services	Development Management	PRS02b	Introduce charging for pre-application advice for major and locally significant planning applications.	0	0.0	10	0.0	10	0.0	Grow Council Income
Development and Infrastructure Services	Planning and Regulatory Services	Development Management	PRS02c	Reduce central validation team	0	0.0	30	1.0	30	1.0	Reduce to retain
Development and Infrastructure Services	Planning and Regulatory Services	Development Management	PRS02d	Remodel planning enforcement team.	42	1.0	42	1.0	42	1.0	Reduce to retain
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03b	Remove Aerial Photography provided by Ordnance Survey Imagery.	0	0.0	5	0.0	5	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03c	Introduce charging for statutory street numbering.	10	0.0	10	0.0	10	0.0	Grow Council Income
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03d	Remove software/licences used for local development plan consultation.	24	0.0	24	0.0	24	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03e	Removal of general budget for Local Development Plan consultation/events.	5	0.0	5	0.0	5	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03f	Remove budget for physical footpath maintenance and signage works.	5	0.0	5	0.0	5	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03g	Remove footpath survey software and Local Access Forum budget.	4	0.0	4	0.0	4	0.0	Stop to save

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

APPENDIX 1

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03h	Remove specialist legal expenses budget for resolving access disputes.	8	0.0	8	0.0	8	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03i	Introduce charges for Phase 1 Habitat Surveys.	3	0.0	3	0.0	3	0.0	Grow Council Income
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03j	A reduction in Business Support costs due to efficiency savings provided by staff reductions.	20	1.0	20	1.0	20	1.0	Innovation/Efficiencies
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03K	Remodel Access Team	35	1.0	35	1.0	70	2.0	Reduce to retain
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04a	Remove vacant Regulatory Services enforcement post.	17	0.6	17	0.6	17	0.6	Reduce to retain
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04c	Increase charges to businesses for inspection and certification of food export certificates.	12	0.0	12	0.0	12	0.0	Grow Council Income
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04e	Central administration costs savings through improvements to processes and systems.	13	1.0	16	1.0	16	1.0	Innovation/Efficiencies
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04f	Remove direct funding of advice agencies in Argyll and Bute.	41	0.0	55	0.0	55	0.0	Stop to save
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04g	Reduce the Debt Counselling Service to focus solely on the complex cases.	30	1.0	36	1.0	36	1.0	Reduce to retain
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04h	Increase income from private landlord registration scheme.	8	0.0	8	0.0	8	0.0	Grow Council Income
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01a	Increase Burial Charges by 20% over and above inflationary increase.	79	0.0	79	0.0	79	0.0	Grow Council Income
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01b	Increase Cremation Charges by 20% over and above inflationary increase.	59	0.0	59	0.0	59	0.0	Grow Council Income

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

APPENDIX 1

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01c	Removal of hanging baskets.	25	1.1	30	1.5	30	1.5	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01d	Close 43 public conveniences that cannot be run without cost to the Council.	117	5.7	140	7.6	140	7.6	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01e	Reduce subsidies to Tobermory Harbour Association.	0	0.0	4	0.0	8	0.0	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01f	Replace annual bedding display with grass areas.	28	1.2	33	1.6	33	1.6	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01g	Remove rose and shrub beds and return to grass.	58	2.6	70	3.4	70	3.4	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01h	Reduce Hedge maintenance to 1 cut per year from the existing 2/3 cust per year.	15	0.7	18	0.9	18	0.9	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01i	Reduce / stop grass cuts.	18	1.0	21	1.0	21	1.0	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01j	Remove "in-kind" funding for Cowal Games which provides temporary toilets, event support, litter collection, staffing etc.	30	0.0	30	0.0	30	0.0	Grow Council Income
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01k	Reduce Environmental Warden Team - reduced resource to issue commercial waste agreements, carry out litter and dog fouling enforcement and support to decriminalised parking enforcement.	94	3.4	113	4.5	113	4.5	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01l	Reduce street sweeping frequency by 50%.	66	3.4	79	4.5	79	4.5	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01m	Reduce Building/property maintenance works across all Roads and Amenity property/building assets by 25%.	64	0.0	64	0.0	64	0.0	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01n	Reduce Building/property maintenance works across all Depots by 25%.	26	0.0	26	0.0	26	0.0	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Amenity Services	RAMS01o	Further reduce staffing in order to achieve saving - front line staff specifically affecting grass cutting, street sweeping, wardens, public convenience cleaning will be considered.	137	8.0	171	8.0	167	8.0	Reduce to retain

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Development and Infrastructure Services	Roads and Amenity Services	Infrastructure Design	RAMS02a	Reduce budget used to design and carry out physical works associated with costal erosion and flooding.	68	1.8	81	1.8	81	1.8	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Infrastructure Design	RAMS02b	Reduce bridge assessment budget.	11	0.2	13	0.2	13	0.2	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Infrastructure Design	RAMS02c	Central administration costs savings through improvements to processes and systems and also a reduction to training budget.	53	1.0	64	1.0	64	1.0	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Roads	RAMS03a	Increased parking charges 80p to £1. More consistent parking charges approach across Argyll and Bute - Introduce parking charges to car parks on Mull following introduction of Road Equivalent Tariff (RET). Year round charging i.e. Luss off street & at Inveraray.	150	0.0	150	0.0	150	0.0	Grow Council Income
Development and Infrastructure Services	Roads and Amenity Services	Roads	RAMS03b	Removal of School Crossing Patrollers at all sites across Argyll and Bute.	167	10.1	200	13.5	200	13.5	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Roads	RAMS03c	Reduced budget for road works including bridge maintenance.	137	3.0	164	3.0	164	3.0	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Street Lighting	RAMS04a	Removal of Christmas lights installation, storage reducing resource hours relating to this activity.	100	0.0	100	0.0	100	0.0	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Street Lighting	RAMS04b	Street Lighting - increase planned repairs on an area basis, reduce reactive repairs.	41	0.5	49	0.5	49	0.5	Reduce to retain
Development and Infrastructure Services	Roads and Amenity Services	Street Lighting	RAMS04c	Energy reduction lighting programme.	25	0.0	150	0.0	150	0.0	Innovation/Efficiencies
Development and Infrastructure Services	Roads and Amenity Services	Street Lighting	RAMS04d	Recover full cost for event banners and other activities associated with events.	15	0.0	15	0.0	15	0.0	Grow Council Income
Development and Infrastructure Services	Roads and Amenity Services	Waste Management	RAMS05a5	Move to 3 weekly collection for general waste (green bin), retaining fortnightly recycling collections (blue bin) and double shift patterns to improve use of fewer vehicles.	457	7.0	548	7.0	548	7.0	Innovation/Efficiencies
Development and Infrastructure Services	Roads and Amenity Services	Waste Management	RAMS05b	In line with other areas Islay waste moving to 3 weekly service and Rejig no longer used. This means recycled waste will no longer be passed to Rejig who assist with sorting.	17	0.0	17	0.0	17	0.0	Reduce to retain

**SERVICE CHOICES
LIST OF STAGE 3 POLICY OPTIONS**

APPENDIX 1

Department	Service	Service Package	Ref	Description of Option	2016-17 Budget Reduction £000	2016-17 FTE Reduction	2017-18 Budget Reduction £000	2017-18 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction	Consultation Category
Development and Infrastructure Services	Roads and Amenity Services	Waste Management	RAMS05d	Removal of food waste collection within Helensburgh area.	63	1.5	76	4.0	76	4.0	Stop to save
Development and Infrastructure Services	Roads and Amenity Services	Waste Management	RAMS05e	Remove vacant post in Waste Management Service.	45	1.5	54	2.0	54	2.0	Reduce to retain
					8,193	242.1	12,312	408.0	13,839	424.3	

ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****22 OCTOBER 2015**

SERVICE CHOICES – SUBSTITUTED SAVINGS

1. EXECUTIVE SUMMARY

- 1.1 The report to Policy and Resources Committee on 8 October noted that there were 3 instances where the savings options had been reduced between Stage 2 and Stage 3 in the Service Choices process and departments had been requested to come forward with alternative savings options. This report now provides information on the alternative savings options.
- 1.2 The alternative savings options were all sought from within Development and Infrastructure Department and are noted below.
- Additional £60k saving from development and infrastructure admin team, saving to be delivered in 2017-18 and reduction of 2 FTE staffing.
 - Additional £140k saving from roads operations, saving to be delivered in 2017-18 and reduction of up to 5 FTE staffing.
 - £50k saving from development policy team – this would be delivered by carrying out a mini service review and workforce planning exercise of the whole development policy team to establish what opportunities there are to deliver the service in a more efficient and effective way. The saving is to be delivered in 2017-18 with a reduction of 1 FTE staffing.
- 1.3 The surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £1.047m. Although there is a larger surplus in the first year, any savings not agreed in 2016-17 would reduce the surplus in 2017-18.
- 1.4 Members agree that the additional Stage 3 savings options noted within this report should go out to public consultation along with all other Stage 3 options outlined in the Policy and Resources Committee report of 8 October. This will allow for choice following the feedback of public consultation and also allow for any negative variation in the financial settlement.

SERVICE CHOICES – SUBSTITUTED SAVINGS

2. INTRODUCTION

- 2.1 This report is a follow-up report to the Service Choices report presented to the Policy and Resources Committee on 8 October and provides information on the alternative savings options requested from departments.

3. RECOMMENDATIONS

- 3.1 Members agree that the additional Stage 3 savings options noted within this report should go out to public consultation along with all other Stage 3 options outlined in the Policy and Resources Committee report of 8 October. This will allow for choice following the feedback of public consultation and also allow for any negative variation in the financial settlement.

4. DETAIL

- 4.1 A report was presented to the Policy and Resources Committee on 8 October in respect of Service Choices. The report noted that there were 3 instances where the savings options had been reduced between Stage 2 and Stage 3 in the Service Choices process and departments had been requested to come forward with alternative savings options.

- 4.2 An extract from the 8 October P&R Report, paragraph 4.2.4, is outlined below:

Stage 3 in the process was about developing the option further, confirming the level of savings and being clear about the impact of the saving. When developing the options some of the original estimated savings and staffing reductions have been revised. In some cases there are delays to the saving to reflect lead in time. There are 3 instances, totalling £0.251m where the original estimated saving (at Stage 2) has been reduced and where this is the case, departments have been requested to come forward with alternative savings. These alternatives are still to be identified but will feature in the report to Special Council on 22 October. The savings options that have been reduced are noted below:

- *Development Policy – Remodel Access Team – Reduction of £50k*
- *Waste Management – 3 Weekly Collection – Reduction of £192k*
- *Waste Management – Commercial Refuse in Helensburgh – Removal of £9k saving.*

4.3 The alternative savings were all sought from within Development and Infrastructure Department and are noted below. These alternative savings will also be added into the consultation process.

- Additional £60k saving from development and infrastructure admin team, saving to be delivered in 2017-18 and reduction of 2 FTE staffing.
- Additional £140k saving from roads operations, saving to be delivered in 2017-18 and reduction of up to 5 FTE staffing.
- £50k saving from development policy team – this would be delivered by carrying out a mini service review and workforce planning exercise of the whole development policy team to establish what opportunities there are to deliver the service in a more efficient and effective way. The saving is to be delivered in 2017-18 with a reduction of 1 FTE staffing.

4.4 The table below provides a further update to the financial position reflecting the inclusion of the new savings options as noted above.

	Original Estimate P&R 20 August		Updated Estimate Council 22 October	
	2016-17 £000	2017-18 £000	2016-17 £000	2017-18 £000
Management/ Operational Savings	1,094	1,145	1,044	1,145
Policy Options	9,169	12,912	8,193	12,562
Health and Social Care Savings (5% mid point)	2,813	5,626	2,813	5,626
Economic Development Investment	-286	-286	-286	-286
Total Available Options	12,790	19,397	11,764	19,047
Savings Target	-9,000	-18,000	-9,000	-18,000
Savings Over Target	3,790	1,397	2,764	1,047

5. CONCLUSION

5.1 This report provides an update on the alternative savings options sought from departments and the impact this has on the estimated financial position.

5.2 The surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £1.047m.

6. IMPLICATIONS

- 6.1 Policy – Implications are outlined within the service choices savings templates.
- 6.2 Financial – Savings are outlined within the service choices savings templates.
- 6.3 Legal – Any legal implications are outlined within the service choices savings templates.
- 6.4 HR – There are HR implications, outlined within the service choices savings templates.
- 6.5 Equalities – Equality Impact Assessments have been carried out where appropriate.
- 6.6 Risk – Risks are outlined within the service choices savings templates.
- 6.7 Customer Service – Impact on service delivery is outlined within the service choices savings templates.

Policy Lead for Strategic Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
14 October 2015**

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES

CUSTOMER SERVICES

8 OCTOBER 2015

INNOVATION, INCOME GENERATION AND GROWING THE ECONOMY**1.0 Executive Summary**

- 1.1 The Council is currently engaged in its service choices process to identify savings and efficiencies due to budget constraints. At the same time the Council has an ambition, through the single outcome agreement (SOA), to grow the economy and population of Argyll and Bute.

This note sets out a proposal to capture ideas through staff and Services that can be appraised and evaluated to be taken forward as possible projects to deliver innovation, income generation, efficiencies and wider benefit to the communities of Argyll and Bute and growth in the economy and population.

1.2 RECOMMENDATIONS

- 1.3 Members note the report; and
- 1.4 Members agree to constitute an innovation development fund as outlined at paragraph 6 hereof.

INNOVATION, INCOME GENERATION AND GROWING THE ECONOMY

2. INTRODUCTION

- 2.1 The Council is currently engaged in its service choices process to identify savings and efficiencies due to budget constraints. At the same time the Council has an ambition, through the single outcome agreement (SOA), to grow the economy and population of Argyll and Bute.

This note sets out a proposal to capture ideas through staff and Services that can be appraised and evaluated to be taken forward as possible projects to deliver innovation, income generation, efficiencies and wider benefit to the communities of Argyll and Bute and growth in the economy and population.

3 RECOMMENDATIONS

- 3.1 Members note the report; and
- 3.2 Members agree to constitute an innovation development fund as outlined as paragraph 6 hereof.

4. COSO

- 4.1 At the recent COSO event ideas were generated in relation to growing the economy. These ideas have been ingathered and evaluated. The proposal is that evaluation now be extended to ascertain whether these ideas can also be seen to generate innovation, income generation and/or efficiencies as well as growth in the economy and population.

There is currently an exercise underway to fully evaluate all the ideas generated, sifting those where there is potential for further development to deliver projects. The process of evaluation and application of criteria used to assess these will help to inform the further part to the process as outlined below.

5. SERVICE CHOICES

- 5.1 Stage 2 of the Service choices process is being reported to the P&R Committee on 8 October 2015. Following that meeting public consultation will take place in relation to possible options for future savings. The proposal in relation to the Service choices process is to develop a template for Services to generate ideas for income generation, efficiencies savings and opportunities for growing the population and economy. The returns made to date by Services will be evaluated to assess whether any such ideas have already been noted. If this is the case then Services will be asked to expand on these whilst providing further proposals or suggestions.

Once the template is completed and ingathered an evaluation process will take place utilising similar criteria to that used in the COSO evaluation to assess whether there are

feasible projects which may be taken forward for further development.

As part of this process it is intended that feasible projects will be referred back to the Service for further comment, discussion and input from the Service prior to further development.

6 TIMESCALE

- 6.1 The timescale for completion of these main strands of action is intended to take place in time to report matters to the SMT in early January 2016 so that these may be reported, if appropriate, to the Council budget meeting in February.

It is intended to;

1. Complete the COSO evaluation by the end of September and thereafter to feedback the feasible projects and comments to the relevant groups who had first developed them for further comment. This would also be fed back at the same time to the appropriate Head of Service for their comment on how this could be developed further. The proposal is that the projects that are considered to be feasible would complete a mini-business case using a streamlined template and would then be presented to an agreed panel of senior managers with external input currently proposed to be provided by Scotland Excel.
2. Complete the template for the Service choices process by the end of September so that once the current stage 2 process is reported to P&R on the 8th of October the process of seeking “innovative” ideas from the Services for further evaluation can commence after that date. Evaluation and progression of ideas will form part of the Services Choices process and/or can be considered for presentation in a format similar to that in 1 above.

The development of these strands is currently underway and further information on timescales to completion will be developed and reported.

7 INNOVATION DEVELOPMENT FUND

- 7.1 It is proposed that the Council constitute an innovation development fund to provide support to services in developing business cases in regard to innovative ideas that are considered to be feasible for development as projects to deliver innovation, income generation, efficiencies and wider benefit to the communities of Argyll and Bute and growth in the economy and population. It is proposed that the fund be constituted at a level of £100K to clearly demonstrate the Council’s support for the approach. This would be in line with the Council’s general approach to implementing the SOA and to seeking innovation and efficiencies.

8 IMPLICATIONS

- 8.1 Policy – This is in accordance with the Council’s general approach to implementing the SOA and to seeking innovation and efficiencies;
- 8.2 Financial – The creation of an innovation development fund will provide support to services in developing business cases where considered feasible;

8.3 Legal – None at present

8.4 HR – None at present;

8.5 Equalities – None at present;

8.6 Risk – Any projects that may emerge from the development of business cases may involve risks but also opportunities and risk management will be a key issue going forward;

8.7 Customer Service – None at present.

For further information please contact David Logan, QIO Special Projects - 01546-604322

Douglas Hendry – Executive Director Customer Services

1 September 2015

**ARGYLL AND BUTE COUNCIL
CUSTOMER SERVICES**

**COUNCIL
22 OCTOBER 2015**

PLANNING OUR FUTURE - PUBLIC CONSULTATION

1.0 EXECUTIVE SUMMARY

- 1.1 In order to support the Council in progressing ideas for making savings to the right decisions for Argyll and Bute, the Council will carry out a public consultation exercise as part of planning our future.
- 1.2 The consultation will seek the views of our communities on savings options and suggestions for innovation, efficiencies and income growth.
- 1.3 This report sets out for comment the proposed public consultation.

2. RECOMMENDATIONS

- 2.1 That Council approves the public consultation.

ARGYLL AND BUTE COUNCIL

Council

CUSTOMER SERVICES

22 October 2015

PLANNING OUR FUTURE – PUBLIC CONSULTATION

1.0 SUMMARY

- 1.1 Argyll and Bute Council aims to work with as well as for the people of Argyll and Bute.
- 1.2 The Council will therefore carry out a public consultation exercise as part of our planning our future process.
- 1.3 The consultation will seek the views of our communities on options for making savings, so that their views contribute to taking ideas to the right choices for Argyll and Bute.
- 1.4 It will also ask for community suggestions on innovation, efficiencies and income growth.
- 1.5 This report sets out the proposed public consultation.

2.0 RECOMMENDATIONS

- 2.1 That Council approves the public consultation approach set out in Appendix 1.

3.0 DETAIL

- 3.1 With its funding set to fall considerably in future years, the Council has no choice but to make choices about its future service delivery.
- 3.2 The Council will continue to be a major provider of services, and a key employer in Argyll and Bute. However change will happen to what it does and how it works.
- 3.3 The views of our communities are sought on the wide range of options identified for making savings primarily over the next two years, in addition to inviting suggestions for transforming how it works and for growing income to support service delivery in future years.
- 3.4 The consultation explains the context for change having to happen and invites respondents to assess all options on the basis of 'strongly agree', 'agree', 'neutral', 'disagree' or 'strongly disagree'.
- 3.5 The consultation provides:

- the list of savings options identified, value of savings to be achieved and information on the ideas.
- the opportunity for people to assess only the options of importance to them; assess all options, and/or indicate which of these overall approaches they prefer to making savings - transformation, growing income, reducing, stopping services.
- Savings are highlighted by colour as general categories of work, and listed alphabetically within the four overall approaches.

3.6 It is proposed to carry out the consultation exercise using methods that have proven most useful to citizens in previous budget consultation exercises, including:

- website/social media questionnaire
- Citizens' Panel survey
- Reaching younger people through our Youth Services
- Working with our Third Sector Interface partners to reach people who would not normally proactively respond to a survey
- Printed questionnaires in libraries and customer service points

3.7 An additional step is also planned to help ensure a balanced and representative response: focus groups will be carried out across the area seeking qualitative feedback on options.

3.8 The consultation will be promoted in different ways including:

- On-line (via the website and social media channels)
- Advertising in local media
- Email distribution to our community planning partners and community councils
- The Council's weekly news round up

3.9 Findings will be collated and presented to a Special Policy and Resources Committee in January 2016.

4.0 CONCLUSION

4.1 The overall aim of the consultation approach is to maximise the likelihood of public involvement by providing opportunities for different levels of involvement.

5.0 IMPLICATIONS

5.1 Policy: Consultation findings will support service choice decisions.

5.2 Financial: costs are allowed for in the Communications/Strategic Finance budgets.

5.3 Legal : none

5.4 HR :Change will be managed within all relevant HR policies and procedures.

5.5 Equalities: The consultation will be available in different formats

- 5.6 Risk: The approach proposed is designed to encourage feedback at whatever level people are comfortable with, while also ensuring full and balanced responses.
- 5.7 Customer Service: Providing feedback on actions taken following consultation will support future citizens' involvement.

Douglas Hendry
Executive Director, Customer Services

Further information:

Jane Jarvie, Communications Manager, tel: 01546 604323

Appendix 1: Proposed content of consultation

Appendix 1: Proposed consultation content

Planning our Future – Public consultation

From ideas to the right decisions for Argyll and Bute

Please tell us what matters to you

The consultation is set out so that you can give whatever level of response suits you.

- Section 1: Key aims in transforming the work of the Council – do you agree with them?
- Section 2: Savings categories and options: as change must happen, with which options would you least and most agree?
- Section 3: Innovation: we'd like to hear your views on transforming our work to make savings and grow income.
- Section 4: Next steps – the service choice process.

Welcome from Councillor Dick Walsh, Leader of Argyll and Bute Council:

“We would like to do all that our communities want their Council to do for them, but drastically reduced funding means that this just is not possible.

We need to make choices about the work we do. We need to identify what is most important now, and for our future prosperity. We need to decide how we can make best use of the resources we have.

We would like to make these choices with you, which is what this consultation is about.

The consultation sets out a wide range of ideas for how we might make the savings we must, primarily over the next two years.

The Council has worked hard to find ways in which to transform how we do things and to preserve as many services and jobs as possible. We will continue to be a major employer and we will continue to support all aspects of our communities' lives.

However reduced funding will mean change for us all. We would ask you therefore to take time please to answer this consultation.

Work with us in progressing from ideas to the right decisions for Argyll and Bute. Thank you.”

Facts and Figures

- The Council provides a huge range of services.
- 80% of a council's funding comes from the Scottish Government.
- Over the next five years our funding is expected to be reduced significantly. Budget estimates show that we will have to bridge a funding gap of between £21.7 and £26 million.
- This means a savings target of around £9 million in both 2016/17 and 2017/18 with further savings in future years.
- The Council has already delivered savings of £32 million over the past six years; and recently agreed a further £1 million that can be made without impact on policy, number of jobs or communities.
- While making savings, we must also continue investing in building a prosperous future for Argyll and Bute.

Section 1: Key aims in transforming the work of the Council		
Invest in the future	Funding for services is connected to the size of the population. We need to attract people and businesses to the area to create prosperity, and to secure funding for future council services.	<p>Do you agree with these as key aims:</p> <p>Yes</p> <p>No</p> <p>If no, please comment</p>
Support our communities now by: <ul style="list-style-type: none"> - Protecting jobs - Provide help most important now 	Employment supports individuals, their families and their local economy. All our services are desirable, we must preserve those most important now.	

Section 2 (a): Categories of savings

We would like to know your views on which services are most important to you now and to building prosperity for our future.

Categories of options			Please indicate below which of these overall categories you most support.
Transform	Grow council income	Reduce and retain	Stop to save
Innovation, doing things differently, achieving efficiencies – these can lessen impact of reduced funding.	Increasing charges reduces savings to be made and protects services	Reducing services could avoid losing services and achieve savings	We deliver a huge range of services; reduced funding does not allow all to continue

Section 2(b) – savings options

- To ensure choice, there are more options identified here than we need to take
- Options are wide ranging and include potentially reducing our workforce of 5,000+ by 306 posts (FTE *) through redundancy and 125 by transfer to a new organisation.
- To support our employees the Council has invited interest in voluntary redundancy to create opportunities for posts at risk.

(*) FTE (full time equivalent) - one FTE refers to hours that make up one full time job; full time hours may be split into part time jobs.

How options are listed

Options are listed alphabetically by area of work, in the four categories above. The colours below help you find particular categories of work.

- Pink: Community and Culture – sports, leisure, libraries, museums, community planning
- Purple: Customer/council support services – customer service points, registrars, internal council support services
- Orange: Development and Planning – economic development, planning and regulatory services
- Yellow: Education services
- Blue: Housing services
- Black: Roads and Amenity – refuse collection, recycling, street cleaning, roads and environmental services
- Grey: Social work/care services

Please assess options based on: 1 = strongly agree, 2 = agree, 3= neutral, 4= disagree, 5 = strongly disagree.

		Transformation			
		Innovation, doing things differently, achieving efficiencies			
1	2	3	4	5	
Area of work	Option	Comment	Saving £000		
Community Development and Community Planning	Reduce cost of combined community development and community planning teams.	1.7 fewer FTEs Less staff attendance at meetings.	71		
	Introduce consistent management arrangements for our four main community centres.	By changing the current arrangements with Centre Councils, the Council could deliver a consistent approach to pricing across the area.	45		
Creditors	Reduce postage, stationery, and printing costs	Increase email correspondence and electronic transfer (BACS) transactions.	13		
Customer Service Centres	Tiree Service Point service – deliver through contract with voluntary sector	This is in place in Jura and Colonsay. 0.5 fewer posts.	19		
	20% savings on postage, printing and stationery in all service points	Communicate by email rather than post.	10		
Facility services	Develop a Council catering service for events, functions etc	Build on the ad hoc special catering service already provided.	40		
	Spend to save: water utility savings	No significant impact on current service	100		
	Spend to save: energy use savings	No significant impact on current service	25		
	Increase heating efficiency through use of biomass boilers	Minor disruption at point when boilers are installed.	12		
	Reduce costs of Estates Section, through use of external service providers	1.4 fewer FTEs required Increased opportunities for external providers.	50		
	Improve use of fleet (transport) resources between council teams	1 fewer FTE required Consider external partnership working.	16		
Housing	Transfer of strategy staff costs to Strategic Housing Fund.	Subsidy for 5 fewer new houses available.	137		

Improvement and HR	Redesign delivery of personal safety training for employees.	1 fewer FTE required Develop on-line/face to face training	38					
	Redesign the Health and Safety Advisory Team, and develop on-line support	1.5 fewer FTE required. Increase on line support. Prioritise higher risk service areas.	81					
	Combine Improvement and Organisational Development, and Human Resources teams to create a single service	12.2 fewer FTEs required This would provide council services with a 'one stop shop' for support on people management and improvement.	511					
Information Technology	Replace broadband circuits to offices and schools with cheaper, lower bandwidth alternatives	Bandwith requirements will be matched to level of use.	139					
Leisure and libraries	Create Charitable Leisure Trust, bringing together Council owned community halls, libraries, swimming pools and fitness facilities.	This would reduce council jobs; posts would transfer to the new organisation. Experience of other councils would be drawn on in establishing an effective Trust.	700					
Planning and Regulatory Services	Reduce business support costs by efficiency savings provided by staff reductions.	1 fewer FTE to provide business support.	20					
	Reduce central administration costs by improved processes and systems.	1 fewer FTE to provide support.	16					
Revenues and benefits	Reduction in postage, printing and stationery costs	Stop providing pre-paid envelopes; increase correspondence by email	23					
	Council tax e-billing /landlords portals – replace external contract.	In-house solution to be developed; if unavailable withdraw the service	50					
	Retrieve cost of administering the double charge Council Tax from the income raised.	Double charge council tax applies to empty homes.	80					
	Benefit advisor posts –reduce to match expected reduction in caseload.	2 fewer FTEs. Introduction of Universal Credit is expected to reduce caseload.	48					
Roads and Amenity Services	Move to a 3 weekly collection for general waste (green bin), continue fortnightly	7 fewer FTEs New shift pattern to make better use of	548					

	recycling collections using double shift patterns.	fewer vehicles.						
	Energy Reduction Lighting programme	Use new lighting units that would reduce maintenance and energy costs.	150					
Social Work/Care Services	Social Work is the Council's second highest area of spend after Education. In 2014/15 we spent £55.4 million on these services. Proposed savings are for 4%-6%.	Social work/care services will join with health services as the Health and Social Care Partnership from April 2016. Identifying and delivering savings will be progressed by the Partnership.	£2.25m - £3.37m					
Strategic Finance	Review staffing of the team	7 fewer FTEs Training on-going to develop team skills, self-service routes for managers.	259					

		Grow council income						
		Increasing charges reduces savings to be made and protects services						
Area of work	Option	Comment	Saving £000	1	2	3	4	5
Economic Development	Reduce subsidies to freight operators at Campbeltown	Phased withdrawal of subsidy. From 55% to 33% to 18% to standard rates from 2018/19.	58					
	Increase piers and harbours berthing charges	Charges (for commercial shipping) depend on gross registered tonnage.	37					
Education	Increase fees for non statutory music tuition by 50%. Fees cover lessons throughout the August to June school session.	£150.80 per August–June session to rise to £226.20 for one pupil/one instrument. Cost for a sibling/another instrument to rise from £135.80 to £203.70.	50					
Planning and Regulatory Services	Introduce charging, of developer or property owner, for statutory street numbering	In place in other council areas. £75 to name/number or rename first property and sliding scale for additional properties e.g. £210 for 10 properties and £710 for 50, plus £150 for each new street name	10					
	Introduce charging for pre-application advice for major and locally significant planning applications.	In place in other council areas. Flat fee approx. £1,000 for major applications; maximum of approx. £800 for locally significant.	10					
	Introduce charges for Phase 1 Habitat Surveys	£600 per survey.	3					
	Increase charges to businesses for inspection and certification of food export certificates	Already in place in other council areas. £17 per certificate.	12					
	Increase income from private landlord registration scheme	Targeted enforcement work on unregistered private landlords	8					
Revenues and Benefits	Apply landlord penalties	This would apply to landlords providing tenant information late making it difficult	64					

		to collect council tax.					
Roads and Amenity Services	Increase burial charges by 20% plus inflation	From £488.65 to £604 (burial) From £507.95 to £627.83 (cremation)	79				
	Increase cremation charges by 20% plus inflation	These costs below average in 9 comparative local authority areas	59				
	Charge for, or remove services, for Cowal Games	This covers temporary toilets, event support, litter collection, staffing etc	30				
	Increase parking charges	80p to £1; Introduce to Mull car parks; Year round charging	150				
	Recover full cost for event banners and other activities associated with events.	Recover costs from this non-core council activity, or do not provide the support.	15				

Reduce and retain								
Reducing services could avoid losing services and achieve savings								
Area of work	Option	Comment	Saving £000	1	2	3	4	5
Adult learning and literacies	Reduce Adult Learning and Literacies service	3.4 fewer FTEs Reduction in classes, courses and other learning support and materials.	104					
	Reduce spend by 50% on adult learning and literacies resources and tutors.		29					
Arts and festivals	Reduce grants to major events and festivals by 20%	Funding/grants to continue to be available but to lesser amount.	37					
	Reduce arts development budget		10					
Community Development and Community Planning	Reduce third sector grant funding by 10%		14					
Customer Service Centres and Registration	Reduce service point opening hours to 30 hours a week. Stop taking council tax payments in servicepoints, promoting alternative options (direct debit, online, Paypoint)	3.5 fewer servicepoint staff, 2 fewer telephony staff, one fewer systems support staff, and (2018/19) one fewer in management structure	207					
	Rothesay service point – reduce opening hours further to 17.5 hours per week	0.5 FTEs removed This service point has the lowest volume of customer face to face contact.	20					
	Reduce property maintenance costs - remove small repairs budget at Jura and Colonsay service points	Small repairs would not be done in these properties. Requirements to date have been minimal.	4					
Governance and Law	Reduce area committee/governance functions with reduced support for Elected Members.	9.8 fewer FTEs required Options include fewer area and central committee meetings, no support for partnership/community planning meetings, increased 'self service' support for elected members.	301					
Housing	Reduce funding to energy and mediation	For example – 50 cases were referred for	41					

	advise services where there are other funding opportunities or reduced service demand.	mediation in 2014/15 compared to 75 the previous year.					
	Reduce funding by 25% for domestic abuse outreach support	Funding to continue to be available but reduced amount	40				
	Reduce funding for tenancy support contracts		191				
	Reduce funding for Rent Deposit Scheme, and service user involvement.	Service user consultation to be carried out by in-house staff; funding reduced in line with demand over past 2 years.	14				
	Reduce budget for Housing IT, strategy development and staff training.	Majority of Strategy work done in 2014/15.	51				
	Reduce staffing costs	1 less FTE; impact on capacity for partnership work, and promotion of housing information.	45				
Education	Reduce the disability access budget (for adaptations in education centres)	The level of demand has meant that this budget has been underspent previously.	20				
	Reduce home and hospital tuition (25%)	Reduced in line with past demand	3				
	Reduce Quality Improvement Team materials (60%)	Reduced opportunities for equipment loans and staff training.	15				
	Reduce specialist equipment budget (20%)	The level of demand has meant that this budget has been underspent previously	7				
	Reduce Repairs Outside Contractor costs for Special Education HQ by 39%	Use risk based approach to property maintenance.	7				
	Reduce Additional Support Needs (ASN) assistants by 45%	72 fewer FTEs Deliver efficiencies and match resources to greatest assessed need.	1,370				
	Reduce Creative Arts in Schools Team by 20%	0.2 FTE reduction Reduction in range of programmes for pupils.	5				
	Reduce instrumental instructors by 20%	2.6 fewer FTEs Impact on choice of instruments available	99				

	Reduce level of support available to the Council and providers of Early Learning and Childcare	6 fewer FTEs 40% reduction in council pre-5 resource budgets.	553					
	Withdraw 3% annual increase in payments to Early Learning and Childcare commissioned providers	Continue to commission providers to meet requirement for 600 hours of early learning for 3 and 4 year olds but remove annual increase.	82					
	Reduce Central Support Staff	4 fewer FTEs Reduced administrative support.	78					
	Reduce central PE facilities budget by 50%	Reduce options for example to hire venues for PE.	60					
	Reduce janitorial cover budget by 20%	Cover continues to be available but reduced.	16					
	Reduce central repairs budget by 20%	Prioritise repair work required. .	159					
	Reduce clothing grant budget by 30%	Demand has been less than the budget previously allocated	39					
	Reduce Classroom Assistants by 20% - primary schools	8 fewer FTEs across all 79 primary schools. Resources matched to greatest assessed need.	137					
	Reduce Classroom Assistants by 20% - secondary	6.6 fewer FTEs across all 10 secondary schools. Resources matched to greatest assessed need.	110					
	Reduce clerical assistants(20%) - primary	13 fewer FTEs Prioritise support provided.	217					
	Reduce clerical assistants (20%)-secondary	6.2 fewer FTEs Prioritise support provided.	108					
	Reduce pupil support assistants (20%) primary	3 fewer FTEs 111 fewer hours per year across 30 primary schools. Resources matched to greatest assessed need.	62					
	Reduce janitor costs by 20% - primary	8.6 fewer FTEs Prioritise service provided.	153					
	Reduce janitor costs by 20% - secondary	2 fewer FTES Prioritise service provided.	39					

	Reduce supply teacher costs (20%)– primary	Cover to continue to be available but to a reduced level.	98					
	Reduce supply teacher costs (20%) – secondary		75					
	Reduce grounds maintenance by 20% - primary	Work to be prioritised.	12					
	Reduce grounds maintenance by 20% - secondary		8					
	Reduce (devolved) budgets for individual schools by 20% - primary	These budgets are supplementary to the central education budget.	85					
	Reduce (devolved) budgets for individual schools by 20% - secondary	Expenditure to be prioritised.	105					
	Reduce school technician costs	6 fewer FTEs: reduced support for delivery of technical, ICT and science.	170					
	Reduce Educational Psychology Services budget by 7%	0.6 fewer FTEs. Reduced visits to schools.	37					
	Reduce budget for residential schools (outside the area) by 7%	Young people cared for outside the area reduced by 53% over last 5 years.	74					
Facility Services	Reduce by 14.5% central repairs budget by removing planned maintenance for schools, libraries and social work premises	3 fewer FTEs Maintenance to be prioritised.	164					
	Reduce by 8% central repairs budget by removing planned maintenance for shared offices from 2016/17	1 fewer FTE Maintenance to be prioritised.	46					
	Reduce by 22% shared office central repairs budget from 2017/18	Maintenance to be prioritised.	118					
	One off 25% reduction in bus stop/shelter budget in 2016/17 only	Prioritise/reduce bus shelters and stops built or replaced in 2016/2017.	16					
Housing	Reduce Housing budget for Rent Deposit Scheme, and cost of Housing service user involvement	Service user consultation to be carried out by in-house staff	14					
	Reduce Housing budget for IT and Strategy	Limit survey and research work possible.	51					

	development, and training.							
	Reduce Staffing costs	1 fewer FTE. Reduced capacity to participate in partnership and promotion work.	45					
Libraries	Reduce Library management costs	1 less FTE Reduced capacity to deliver library service	40					
Planning and Regulatory	Reduce Development Management team – validation and registration of planning applications	1 fewer FTE Longer time to register planning applications.	30					
	Remodel Planning enforcement team	1 fewer FTE (vacant post) Increase in response time to complaints about planning breaches	42					
	Remodel Access Team	2 fewer FTE (one post currently vacant, one potentially from 2018) Focus on statutory duties only	50					
	Remove vacant Regulatory Services alternative enforcement post	0.6 post removed. This post has been vacant for 18 months.	17					
	Reduce the debt counselling service	1 fewer FTE Focus on complex cases affecting most vulnerable people	36					
	Review Development Policy Team	Staff reduction equivalent to £50,000. Ability to deliver Local Development Plan and so support jobs, housing and the environment reduced.	50					
Roads and Amenity Services (R&A)	Close 43 public conveniences that cannot be run without cost to the Council	7.6 fewer FTEs These are located across Argyll and Bute	140					
	Reduce hedge maintenance from 2/3 to 1 cut per year	0.9 fewer FTEs Hedges to be maintained in winter only	18					
	Reduce to one grass cut per year / stop grass cuts	1 fewer FTE One cut in October/November; allow some areas to grow wild.	21					
	Reduce Environmental Warden Team	4.5 fewer FTEs Reduced enforcement /monitoring of litter, pest control, dog	113					

		fouling, commercial waste etc					
	Reduce Street Sweeping frequency (50%)	4.5 fewer FTEs Streets maintained to reduced standards	79				
	Reduce maintenance- R&A property (25%)	Prioritise dangerous/urgent work	64				
	Reduce maintenance of depots (25%)		26				
	Additional reduction in staffing across the Roads and Amenities service	Approx. 8 fewer FTEs Impact on areas' visual appearance	167				
	Reduce coastal and flooding work budgets	1.8 fewer FTEs Priorities for coastal protection and flooding work to be set	81				
	Reduce bridge assessment budget	0.2 fewer FTEs Prioritise most vulnerable structures	13				
	Reduce central administration costs through improvements to process and systems, and a reduction in training budget	1 fewer FTEs Source alternative training options (eg e-learning).	64				
	Reduce budget for road works / bridge maintenance	3 fewer FTEs Work to be prioritised.	164				
	Street lighting – increase planned repairs on an area basis, reduce reactive repairs	0.5 fewer FTEs Longer response time for lighting repairs.	49				
	3 weekly general waste, bi-weekly co-mingled uplift by internal resource for Islay.	This is in line with other local areas	17				
	Remove vacant posts in Waste Management service	2 fewer (vacant) FTEs Roads and Amenity service to be restructured	54				
	Further reduce road operations costs (from 2017)	Up to 5 fewer FTEs Savings to be sought across range of service activities.	140				
	Further reduce central support team (from 2017)	2 fewer FTEs Reduced level of administrative support	60				

Stop to save								
We deliver a huge range of services; reduced funding does not allow all to continue.								
Area of work	Option	Comment	Saving £000	1	2	3	4	5
Culture and libraries	Withdraw mobile library service	3.5 FTEs removed The service travels to remote mainland communities, Islay and Mull.	137					
	Offer Campbeltown Museum for community ownership.	If no interest from the community, close the Museum	37					
Education	Withdraw services that the Council is not required to provide for children under 5	8 FTEs removed Withdraw community childminding service	382					
	Remove Attendance Officer posts	4 FTEs removed Loss of support for schools in following up on pupil absences.	68					
	Remove management development and training budget – primary schools	Reduced opportunity for professional development of teaching staff	49					
	Remove management development and training budget – secondary schools		37					
	Remove school librarians in secondary schools	10 FTEs removed Reduction in library resource for pupils	319					
	Stop paying for lunches for lunchtime supervision staff – primary	Staff volunteer for supervision	12					
	Stop paying for lunches for lunchtime supervision staff – secondary		12					
	Withdraw Early Years third sector grants and services	Impact on families who receive services through this funding across the area.	183					
	Remove Early Years Change Fund		90					
	Remove budget for external support in modern language education	Foreign language training to be provided through the Scottish Government	36					

		Languages 1+2 budget					
	Remove subsidy payments to community swimming pools	Subsidy currently paid to swimming pools in Mid Argyll and Islay.	15				
	Remove central budget for additional ASN assistant cover (eg in-service days)	Use existing resources	80				
Facility Services	Remove out-of-hours property emergency line cover	Repairs to be reported Monday to Friday between 9am and 5pm.	9				
	Remove discretionary community transport grant funding	Support no longer available to community transport groups.	93				
Planning and Regulatory	Remove aerial photography provided by Ordnance Survey	Council still able to provide a similar service.	5				
	Remove general budget for local development plan consultation events	Increase on-line consultation	5				
	Remove software/licences used for local development plan consultation	Internal software solutions to be developed	24				
	Remove budget for footpath maintenance and signage works	Reduce activity to core duties –statutory access rights/of way, and up-to-date Core Path Plan.	5				
	Remove footpath survey software and Local Access Forum support budget	Use alternative ways of surveying, and supporting the Forum.	4				
	Remove specialist legal expenses budget for resolving access disputes	Draw on internal legal advice if it is required.	8				
	Remove direct funding to advice agencies	This funding supports general advice organisations.	55				
	Revenues and benefits	End (discretionary) non-domestic rates relief for charitable bodies.	This will vary between 20% and 100% depending on charitable status.	90			
Roads and Amenities	Removal of hanging baskets	1.5 FTEs removed. Reduce visual appeal.	30				
	Replace annual bedding displays with grass areas	1.6 FTEs removed. Reduce visual appeal.	33				
	Remove rose and shrub beds, return to grass	3.4 FTEs removed. Reduce visual appeal.	70				

	Removal of Christmas lights	Free up staff for lighting maintenance	100					
	Remove all school crossing patrollers	13.5 FTEs removed. This is not a core function of a council.	200					
	Remove food waste collections in Helensburgh area	4 FTEs removed Helensburgh is the only area in Argyll and Bute designated (Scottish Govt/Zero Waste Scotland) for food waste collections.	76					
	Remove subsidies to Tobermory Harbour Association	Subsidy to be removed on a phased basis.	8					
Strategic Finance	Review size of team further.	3 FTEs removed Service provided to Council would reduce	120					

Section 3: Transforming for the future: we'd like to hear your ideas on how we could transform what we do, make savings or grow our income.

As indicated in many of the options listed, the Council has taken steps to find ways in which we can transform how we work and reduce the impact of savings on employees or communities, by making efficiencies or growing our income.

This focus on innovation will continue in order to support the Council and our work in the short and longer term. As part of this we invite your views on the questions below.

Transformation for the future – innovation, savings and growth		
Question	Comment	Yes / No
Would you support the Council sharing the delivery of services with other organisations as a way to make savings?		
Would you support an increase in council tax?		
What would you recommend for making savings or generating income for the Council?		
Other comments		

Thank you for letting us know your views and sharing your ideas. Information will be available on how answers to the consultation have contributed to decisions made, after the budget setting meeting scheduled for February 2016.

Section 4 - From ideas to decisions – the service choice process.

We have:

- Considered what we as a council are required to do and what is additional
- Set targets for savings options that ensure the council can balance its budget
- Identified more options than needed so that we can reach final decisions with the views of our employees and communities.

We are:

- Asking you to tell us what matters most now and for future prosperity
- Speaking with our employees and trade unions about their views
- Developing ideas for innovation that could reduce the need for savings over time.
- Raising with the Scottish Government the need for additional local government funding for Argyll and Bute. Argyll and Bute benefits from having both rural and island communities. In fact we have the highest number of inhabited islands of any Scottish local authority. This brings with it financial challenges in delivering services and support.

We will:

- Gather the views of our communities and employees
- Develop decisions bearing in mind those views and assessments of impact of options.
- Make decisions, after the Council's government funding allocation is confirmed, at a budget meeting scheduled for February 2016.

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

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

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