

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



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23 June 2016

NOTICE OF MEETING

A meeting of the **ARGYLL AND BUTE COUNCIL** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 30 JUNE 2016** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST (IF ANY)**
- 3. MINUTES** (Pages 1 - 16)
Argyll and Bute Council held on 21 April 2016
- 4. MINUTES OF COMMITTEES**

- * (a) Policy and Resources Committee held on 12 May 2016 (Pages 17 - 22)
- (b) Community Services Committee held on 2 June 2016 (Pages 23 - 30)

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

- 5. LEADER'S REPORT** (Pages 31 - 42)
Report by Leader of the Council
- 6. POLICY LEAD COUNCILLOR REPORTS**
 - (a) Report by Policy Lead for Roads, Infrastructure, Amenity Services and Special Projects (Pages 43 - 54)
 - (b) Report by Policy Lead for PPSL, Planning Services, Historic and Sustainable Environment (to follow)

(c) Report by Policy Lead for Health and Social Care Integration (Pages 55 - 60)

7. YEAR END REPORTS PACK 2015-16

Reports by Head of Strategic Finance

(a) Covering Report and Unaudited Accounts 2015-16 (Pages 61 - 196)

(b) Unaudited Summary Accounts 2015-16 (Pages 197 - 200)

(c) Revenue Budget Monitoring for the year 2015-16 - Corporate Overview (Pages 201 - 212)

(d) Earmarked Reserves - Year End 2015-16 (Pages 213 - 268)

(e) Capital Budget Monitoring Report - 31 March 2016 (Pages 269 - 294)

(f) Annual Treasury Report 2015-16 (Pages 295 - 306)

(g) Annual Efficiency Statement (Pages 307 - 312)

(h) Strategic Housing Fund Annual Report 2015-16 (Pages 313 - 322)

8. ARGYLL AND BUTE HEALTH AND SOCIAL CARE PARTNERSHIP - RISK MANAGEMENT STRATEGY (Pages 323 - 336)

Report by Head of Strategic Finance

9. OBAN NORTH AND LORN BY-ELECTION RESULTS (Pages 337 - 338)

Report by Returning Officer

10. COUNCIL CONSTITUTION (Pages 339 - 346)

Report by Executive Director – Customer Services

11. POLITICAL MANAGEMENT ARRANGEMENTS (Pages 347 - 354)

Report by Executive Director – Customer Services

12. FIFTH STATUTORY REVIEW OF ELECTORAL ARRANGEMENTS - FINAL RECOMMENDATIONS

(a) Report by Executive Director - Customer Services (Pages 355 - 410)

(b) Recommendation from Bute and Cowal Area Committee held on 7 June 2016 (Pages 411 - 412)

13. OBAN COMMON GOOD FUND (Pages 413 - 416)

Report by Executive Director – Customer Services

14. ENHANCED EMPLOYABILITY PIPELINE STRATEGIC INTERVENTION - EUROPEAN SOCIAL FUND (Pages 417 - 430)

Report by Executive Director – Development and Infrastructure Services

15. CONSERVATION AREA REGENERATION SCHEME (CARS) FUNDING OPPORTUNITY (Pages 431 - 438)

Report by Executive Director – Development and Infrastructure Services

16. SERVICE CHOICES - THREE WEEKLY REFUSE COLLECTION (Pages 439 - 450)

Report by Executive Director – Development and Infrastructure Services

17. EMPLOYABILITY SERVICE CONTRACT (Pages 451 - 462)

Recommendation from Performance Review and Scrutiny Committee held on 26 May 2016

18. LEASE OF LIFEBOAT STATION SITE AT OLD QUAY, CAMPBELTOWN TO THE ROYAL NATIONAL LIFEBOAT ASSOCIATION (Pages 463 - 468)

Recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 6 April 2016

19. COWAL FIXED LINK WORKING GROUP (Pages 469 - 470)

Recommendation from Bute and Cowal Area Committee held on 7 June 2016

20. DUNOON 5 A SIDE PITCHES (Pages 471 - 472)

Recommendation from Bute and Cowal Area Committee held on 7 June 2016

21. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council agrees to -

1. Remove the following indicators from Pyramid under ED02;
 - National 4 % pass rate
 - National 5 % pass rate
 - New Higher % pass rate
 - % use of Insight by subject departments
2. Include the following indicators in Pyramid under ED02 for school leavers from the Insight system (replicating public data available on Parentzone website):
 - Positive Destinations
 - Literacy SQF Level 4
 - Literacy SQF Level 5
 - Numeracy SQF Level 4
 - Numeracy SQF Level 5
 - SIMD Quintile 1 Attainment
 - SIMD Quintile 2 Attainment
 - SIMD Quintile 3 Attainment
 - SIMD Quintile 4 Attainment
 - SIMD Quintile 5 Attainment
 - Average Attainment (tariff scores) Lowest 20% of pupils
 - Average Attainment (tariff scores) Middle 60% of pupils
 - Average Attainment (tariff scores) Highest 20% of pupils
3. Set the target for each of the new indicators at 101% of the higher of either the virtual comparator or highest historic achieved value.
4. Note the performance of individual schools may already be above virtual comparators and encourages each Head Teacher in consultation with the school's Parent Council to set ambitious and appropriate targets for all these indicators for their school.

Table 1

Rank	Establishment Name	Number of Leavers 2015	Average total tariff lowest 20%	Relative to virtual benchmark %	Average total tariff middle 60%	Relative to virtual benchmark %	Average total tariff highest 20%	Relative to virtual benchmark %
1	Castlebay School	13	*	n/a	911	61	*	n/a
2	Sgoil Lionacleit	46	151	18	944	32	1803	7
3	Moffat Academy	49	169	21	903	31	1960	10
4	Banchory Academy	134	326	39	1359	28	2192	12
5	Jordanhill School	85	1037	79	1691	27	2230	7
6	Our Lady & St Patrick's High School	166	300	40	1034	25	1915	9
7	Sir E. Scott School	12	*	n/a	1363	25	*	n/a
8	James Hamilton Academy	124	162	46	800	25	1777	6
9	Girvan Academy	110	183	71	901	24	1732	0
10	Kyle Academy	132	288	55	1096	24	1989	6
11	Tobermory High School	23	*	n/a	980	24	1742	7
131	Tarbert Academy	16	*	n/a	804	4	*	n/a
180	Islay High School	35	183	-16	875	-1	1848	3
241	Dunoon Grammar School	148	151	-21	808	-6	1749	-3
266	Hermitage Academy	215	219	-33	950	-9	1910	0
268	Lochgilphead High School	93	120	-45	871	-9	1930	1
296	Oban High School	187	106	-42	722	-13	1743	-4
312	Campbeltown Grammar School	97	199	-14	735	-15	1629	-10
319	Rothesay Academy	75	220	19	663	-17	1574	-10

Notes:

From published data on 349 schools

Less than 5 pupils so data suppressed indicated *

Ranking on relative percentage points above or below virtual comparator for middle 60%

No data on Tiree High School as less than 5 pupils

Proposed by Councillor James Robb
 Seconded by Councillor Sandy Taylor

22. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council notes the updated guidance from Education Scotland on the Progression from Broad General Education (BGE) to the Senior Phase.

The Council supports the flexibility available to Head Teachers under the Curriculum for Excellence but believes as a general policy position that all pupils in Argyll and Bute have the right to equal opportunity in the number of subjects leading to qualifications available in all our secondary schools.

The Council agrees in all our secondary schools:

- Pupils should be able to study up to 8 subjects leading to qualification in S4.
- Pupils should be able to study up to 6 subjects leading to qualification in S5.
- Pupils should be able to study up to 5 subjects leading to qualification in S6.

One and two year courses to qualification should be available in subjects in starting S4 and S5.

In two year Higher course there should be the option to take a National 5 qualification in the first year.

That the above does not preclude more subjects being taken in exceptional cases if agreed between the Head Teacher, parents/guardians and pupils and is part of this general policy position.

The Council instructs the Acting Director of Community Services to bring forward a report on implementing the policies proposed above to the next Council meeting.

Proposed Councillor Isobel Strong
Seconded Councillor James Robb

23. NOTICE OF MOTION UNDER STANDING ORDER 13

This motion seeks to revisit a decision taken by the Council within the past six months to nominate Councillor Corry as the Chair of the Integration Joint Board.

The appointment of Councillor Corry to the Scottish Parliament is a significant change of circumstances which the Provost is asked to take into account as he considers whether there has been a development which has a bearing on that earlier decision and which, were he to agree, would allow this motion to be revisited by the Council.

Motion

The Council recognises and applauds the success of our colleague, Councillor Maurice Corry on his election to the Scottish Parliament, and wishes him all success in his future role as a parliamentarian where he can continue to promote the best interests of Scotland and of Argyll and Bute.

Whilst Cllr. Corry can rightfully continue to serve the Council and his constituents in the North Lomond ward, this gives rise to a consequential concern as to his ability to effectively deliver on all 'fronts' including most specifically, his ability to lead the Argyll and Bute Health and Social Care Integration Joint Board.

Whilst it is the explicit responsibility of the Chair of a Joint Integration Board to be actively involved in the leadership of the integration process and work, and specifically

- to take the lead in building links, at Board level, with partner organisations and stakeholders;
- ensure that all Board members are sufficiently informed and supported and understand their corporate roles and responsibilities;
- ensure that the Board carries out its essential functions efficiently and effectively, including oversight of performance management, and
- develop an effective working relationship with the Health and Social Care Partnership's Chief Officer, and the respective Chief Executives of Argyll and Bute Council and NHS Highland

.... it is contended that Councillor Corry cannot give his best to this important role as Chair of the Integrated Joint Board whilst at the same time working within the Parliament addressing parliamentary party responsibilities, working for the Council and his respective constituencies.

This motion calls on the Council:

- i. to invite Councillor Corry to stand down from his role as Chair of the Joint Integration Board, and in that event
- ii. to nominate another elected member of the Council to the role of Chair of Integrated Joint Board for the remainder of the period during which the Council is required to provide the Chair of the Board.

Proposer: Cllr. Sandy Taylor
Seconder: Cllr. Richard Trail

24. NOTICE OF MOTION UNDER STANDING ORDER 13

The Council recently acknowledged the decision of Cllr. Iain Stewart MacLean to stand down from the Argyll and Bute Council SNP Group.

In consequence of this decision, the Council is asked to appoint in his stead Cllr. Richard Trail, as a representative of the SNP Group on the Policy and Resources Committee.

Proposer: Cllr. Sandy Taylor
Seconder: Cllr. W. Gordon Blair

25. NOTICE OF MOTION UNDER STANDING ORDER 13

Argyll & Bute Council congratulates Cllr Maurice Corry for being elected from the list as an MSP to represent those living in the West Scotland Region.

As Cllr Corry will normally be required to attend the Scottish Parliament in Edinburgh on Tuesdays, Wednesdays and Thursdays, this will mean that he will not be available to attend Council meetings, Helensburgh Lomond Area Committee meetings, Policy & Resource Committee meetings and meetings of the Community Services Committee to represent constituents living within the Lomond North Ward.

There are also concerns that, as Cllr Corry is a Senior Councillor and was appointed as the Policy Lead for Health and Social Care Integration and Chair of NHS Highland Health and Wellbeing Partnership, at a time when the major changes within health and social care will require a great deal of commitment and oversight, Cllr Corry will find it extremely difficult to fully commit the time required to these positions.

There are additional concerns that Cllr Corry will find it difficult to commit the time required to dealing with the heavy work load relating to constituents ' concerns etc. and that the other two ward councillors will be required to take on this additional work load.

In view of all of the above, this motion asks Cllr Corry to reconsider the position he has taken on not resigning his council seat. The motion believes that the interests of all Cllr Corry's constituents, both as an MSP and a councillor, are best served by devoting his time to his work as an MSP.

Moved Councillor Michael Breslin
Seconded Councillor Bruce Marshall

26. NOTICE OF MOTION UNDER STANDING ORDER 13

CalMac's decision to provide a second vessel serving the busy Isle of Mull ferry routes has brought significant benefits.

The improved connectivity to the mainland is a major boost for local people – bringing them easier access to their medical appointments, greater recreational opportunities for young people and families and many more benefits.

Businesses on the island are reporting increases of 200 to 250 per cent after just a few weeks of the enhanced ferry service provision.

Tourists have even more access to this beautiful island and the increase in visitor numbers both supports and creates jobs for Mull.

With all of this in mind, the council is asked to write to Caledonian MacBrayne in the following terms:

- Welcoming its decision to deploy an extra vessel on the Mull-Craignure service, highlighting the significant benefits this brings for the Mull community and the wider Argyll and Bute economy as a consequence;
- Urging the company to continue the provision of a second vessel on the Mull-Craignure route on a permanent basis, given that there is a demonstrable need for this level of service provision.

Proposer: Councillor Mary Jean Devon
Seconder: Councillor Alistair MacDougall

E1 27. FORMER HERMITAGE ACADEMY SITE - HELENSBURGH AMATEUR ATHLETIC CLUB (Pages 473 - 476)

Report by Executive Director – Customer Services

E1 28. FORMER SHOP - 3 MONTAGUE STREET, GUILDFORD SQUARE, ROTHESAY (Pages 477 - 484)

Recommendation from Bute and Cowal Area Committee held on 7 June 2016

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

The appropriate paragraphs are:-

E1 Paragraph 8 The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

Paragraph 9 Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

COUNCIL

All Members

Contact: Hazel MacInnes Tel: 01546 604269

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**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER,
KILMORY, LOCHGILPHEAD
on THURSDAY, 21 APRIL 2016**

Present:

Councillor Len Scoullar (Chair)

Councillor John Armour	Councillor Neil MacIntyre
Councillor Gordon Blair	Councillor Robert G MacIntyre
Councillor Michael Breslin	Councillor Donald MacMillan
Councillor Rory Colville	Councillor Alex McNaughton
Councillor Maurice Corry	Councillor James McQueen
Councillor Robin Currie	Councillor Bruce Marshall
Councillor Vivien Dance	Councillor Aileen Morton
Councillor Mary-Jean Devon	Councillor Ellen Morton
Councillor George Freeman	Councillor Elaine Robertson
Councillor Anne Horn	Councillor James Robb
Councillor Donald Kelly	Councillor Isobel Strong
Councillor David Kinniburgh	Councillor Sandy Taylor
Councillor John McAlpine	Councillor Richard Trail
Councillor Roderick McCuish	Councillor Dick Walsh
Councillor Alistair MacDougall	

Attending:

Sally Loudon, Chief Executive
 Douglas Hendry, Executive Director of Customer Services
 Pippa Milne, Executive Director of Development and Infrastructure Services
 Charles Reppke, Head of Governance and Law
 Kirsty Flanagan, Head of Strategic Finance
 Malcolm MacFadyen, Head of Facility Services
 David Logan, Quality Improvement Officer

The Provost announced that 21 April 2016 was the 90th birthday of Her Majesty Queen Elizabeth II. He advised that communities across Argyll and Bute were marking this occasion in various ways, including the lighting of special birthday beacons. He wished Her Majesty a very happy birthday and wished her many more years of good health. He thanked her on behalf of the people of Argyll and Bute for her long years of dedicated service and for all she had done for Argyll and Bute.

The Provost advised that he had received a letter from King Philippe of Belgium, thanking the people of Argyll and Bute for their condolences on the recent tragic events in his country.

The Provost ruled and the Council agreed that the business dealt with at item 23 of this Minute be taken as a matter of urgency by reason that the report dealt with a matter that had been raised at national level and had potential implications for the Council as an education authority.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Robert E MacIntyre, Julie MacKenzie, Gary Mulvaney and Douglas Philand.

2. DECLARATIONS OF INTERESTS

There were none intimated.

3. NOTICE OF MOTION UNDER STANDING ORDER 14

The Executive Director – Customer Services advised that in terms of Standing Order 14, the following Notice of Motion by Councillor Robin Currie, seconded by Councillor Roddy McCuish, had been received for consideration as a matter of urgency at this meeting.

The Council:

- Notes that the £1 billion 2016-24 Clyde and Hebrides ferry services (CHFS) contract will be awarded at the end of May and that the two bidders are public sector operator CalMac and private multinational Serco.
- Welcomes the Scottish Government's significant increases in public investment in ferry infrastructure and services, including six new vessels for the CHFS network by 2025.
- Notes ferry expert Jeanette Findlay of Glasgow University's report for the RMT union, "*Economic benefits of public sector provision on lifeline Clyde and Hebrides ferry services*" which found that CalMac is an efficient operator that spreads benefits across the Scottish economy whilst Serco's profit-seeking model restricts performance to contractual minimums and would increase risk to workers, communities, passengers and the taxpayer.
- Agrees that the council will write to the First Minister and the Transport Minister of the Scottish Government, urging them to bear in mind the conclusions of the Findlay report, in particular around retaining public sector operation of lifeline ferry services to the benefit of the Scottish economy and society as well as the quality of current ferry arrangements, when assessing and weighting the CalMac submission for the award of the next CHFS contract.

The Provost ruled, and the Council agreed, that the Motion be dealt with as a matter of urgency by reason that a view from the Council was required prior to the award of tenders. This Motion is dealt with at item 24 of this Minute.

4. MINUTES

(a) **Argyll and Bute Council held on 11 February 2016**

The Minutes of the meeting of Argyll and Bute Council held on 11 February 2016 were approved as a correct record.

(b) **Special Argyll and Bute Council held on 17 March 2016**

The Minutes of the Special meeting of Argyll and Bute Council held on 17 March 2016 were approved as a correct record.

5. MINUTES OF COMMITTEES

(a) Policy and Resources Committee held on 11 February 2016

The Minutes of the Policy and Resources Committee held on 11 February 2016 were noted. Councillor Donald Kelly advised that he was marked as being present at this meeting when he had in fact resigned from the Committee.

(b) Community Services Committee held on 10 March 2016

The Minutes of the meeting of the Community Services Committee held on 10 March 2016 were noted.

Arising from item 14, Strategic Housing Grants – Interim Arrangement, the Council agreed to approve the reduction in the Strategic Housing Fund Grant to £12K per unit thereby maintaining the status quo in terms of total grant subsidy to Registered Social Landlords developing affordable housing in Argyll and Bute.

Councillor Robert Graham MacIntyre joined the meeting at this point.

(c) Policy and Resources Committee held on 17 March 2016

The Minutes of the meeting of the Policy and Resources Committee held on 17 March 2016 were noted.

Arising from item 6, Service Planning 2016-17, the Council considered a recommendation to approve the Service Plans for 2016-17 which had also been included on the agenda as item 7 for this meeting.

Motion

That the Council agree the Service Plans for 2016-17 as recommended by the Policy and Resources Committee.

Moved Councillor Dick Walsh, seconded Councillor Ellen Morton.

Amendment

That the Council agree to refer the Service Plans for 2016-17 back to the appropriate Service Committees for further consideration before being referred back to the Council for approval.

Moved Councillor James Robb, seconded Councillor Richard Trail.

Decision

Following a show of hands vote the Motion was carried by 18 votes to 12 and the council resolved accordingly.

Arising from item 7, Scottish Government Funding for Welfare Reform and

Discretionary Housing Payments – Report on Spend to Date and Future Proposals, the Council -

1. Noted the information provided in respect of progress made, and the estimate of projected expenditure to 31 March 2016 of £232.6k from the balance of Scottish Government funding for DHPs of £464.7k in March 2015.
2. Approved the continued carry forward of the balance of this as earmarked funds estimated at £232.1k and approved the proposals for their use as summarised at paragraph 4.20 of the submitted report.
3. Approved the carry forward of the balance of the unspent 2015/16 DHP monies estimated at £30,000 as earmarked funds to be used to fund DHP payments in 2016/17 in order to help maintain current priority levels into 2016/17.
4. Noted that a further report would be brought back to a future meeting of the Policy and Resources Committee on the progress with the proposals approved at decisions 2 and 3 above.

Arising from item 11, Business Loans Scotland, the Council noted that the appointment of an elected Member to represent Argyll and Bute's interests on the Board of Business Loans Scotland would be dealt with as part of item 11 of the agenda (Political Management Arrangements).

Arising from item 12, Long and Winding Way, the Council –

1. Agreed to grant funding to the LWW of £10,000 per annum for a three year period commencing April 2016; subject to -
 - a) the completion of a service level agreement with the LWW which requires that the LWW should continue to develop its partnership working with the Argyll & the Isles Coast and Countryside Trust and its Long Distance Routes Forum,
 - b) evidence of financial viability for each year being presented to and approved by the Council before the release of each annual payment and;
 - c) that LWW be advised that this is the final financial support from the Council; to be funded from General Fund Balance.
2. Noted that if the LWW cannot find a sustainable way forward no financial burden would fall upon the Council.

Arising from item 13, Developing a Statutory Marine Plan for the Firth of Clyde, the Council –

- a) Agreed to be a Member of the Clyde MPP, to be represented by an officer from Development and Infrastructure Services;

- b) Agreed to accept the offer of a permanent position on the Partnership Board of the Clyde MPP, and seek appointment by Council of an elected member;
- c) Approved the constitution for the Clyde MPP, as detailed in Appendix 2; and;
- d) Gave consent to the draft Direction from Scottish Ministers delegating functions under the Marine (Scotland) Act 2010 to the Clyde Marine Planning Partnership, as detailed in Appendix 3.

The Council noted that the appointment of an elected Member to the Partnership Board of the Clyde MPP would be dealt with as part of item 11 of the agenda (Political Management Arrangements).

(d) **Environment, Development and Infrastructure Committee held on 7 April 2016**

The Minutes of the meeting of the Environment, Development and Infrastructure committee held on 7 April 2016 were noted.

Arising from item 7, Northern Roads Collaboration, the Council noted expectations that roads authorities would take forward the design and delivery of a package of shared service initiatives and agreed to participate in the Northern Roads Collaboration Forum. The Council noted that nominations of the Chair and Vice Chair of the EDI Committee to the Forum would be dealt with under item 11 of the agenda (Political Management Arrangements).

Arising from item 11, Energy Efficiency Street Lighting Project Funding, the Council noted that this matter would be dealt with under item 20 of the agenda.

Arising from item 19, Enhanced Employability Pipeline, the Council endorsed the recommendations as contained within the Minute.

6. LEADER'S REPORT

A report providing Members with an update on the activities of the Leader of the Council from 16 January 2016 to 31 March 2016 was considered. The report included an update on the budget meeting on 11 February 2016 and on a significant number of meetings with national politicians. The report also provided updates in respect of the Leader's role as Policy Lead Councillor for Finance, IT, HR and Governance and Law.

Decision

The Council –

1. Noted the report.
2. Noted that the full leader's report pack was available in the Leader's Office.

(Reference: Report by Leader of the Council dated 14 April 2016, submitted)

7. POLICY LEAD COUNCILLOR REPORTS

(a) Report by Policy Lead for Island Affairs

The Council considered a report which provided an update on the main focus of work in relation to islands over the period November 2015 to March 2016.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead Councillor for Island Affairs dated 30 March 2016, submitted)

(b) Report by Policy Lead for Strategic Housing, Gaelic, Community and Culture

The Council considered a report highlighting developments within the portfolio of the Policy Lead for Community, Culture, Gaelic and Strategic Housing between September 2015 and March 2016.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead for Community, Culture, Gaelic and Strategic Housing dated 1 April 2016, submitted)

(c) Report by Policy Lead for Transportation (Strategic, Local, Ferries, Piers, Harbours and Airports)

The Council considered a report providing an update on the work carried out by the Policy Lead for Transportation (Strategic, Local, Ferries, Piers, Harbours and Airports) for the period October 2015 to April 2016.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead for Transportation dated 9 April 2016, submitted)

8. SERVICE PLANNING 2016-17

The Council noted that this matter had previously been dealt with under item 5c of this Minute - Policy and Resources Committee Minutes of 17 March 2016.

9. RECRUITMENT OF CHIEF EXECUTIVE

A report informing Members about the outcome of the recruitment and selection process for Chief Executive was considered.

Decision

The Council –

1. Noted the decision of the Appointments Panel to appoint Cleland Sneddon to the post of Chief Executive, effective from 9 May 2016, and offered him their congratulations.
2. The Council noted the high quality of the candidates who participated in the selection process for the post.

(Reference: Report by Head of Improvement and HR dated 20 April 2016, submitted)

10. APPOINTMENT OF RETURNING OFFICER

Following the departure of the Chief Executive from the Council on 6 May 2016, the post of Returning Officer would fall vacant. The Council considered a report inviting appointment of a Returning Officer.

Decision

The Council –

1. Agreed to appoint, in terms of Section 41 of the Representation of the People Act 1983, with effect from 7 May 2016, Charles Reppke to be the Returning Officer and by that appointment to be the Counting Officer for the EU Referendum on 23 June 2016.
2. Noted that further consideration to the role of Returning Officer would be given at a future meeting, following the EU Referendum.

(Reference: Report by Chief Executive dated 30 March 2016, submitted)

11. OBAN, NORTH AND LORN BY-ELECTION RESULT

The Council considered a report advising of the election of Councillor Julie MacKenzie to the Oban, North and Lorn Ward.

Decision

The Council noted the content of the report.

(Reference: Report by Chief Executive dated 18 February 2016, submitted)

12. POLITICAL MANAGEMENT ARRANGEMENTS (Pages 17 - 18)

The Council considered a report updating the Council on revised political management arrangements and on vacancies which had arisen on the Councils Committees and other outside bodies/organisations.

Decision

The Council agreed to the following changes and arrangements to the Political Management arrangements of the Council :-

1. To appoint Councillor Roddy McCuish as Depute Policy Lead for Economic Development, European Affairs, Renewables and Strategic Tourism, replacing Councillor Corry in that role.
2. To invite the non- Administration Members on the Council to nominate members to fill the current vacancies on the Audit Committee, PRS Committee, Regulatory Cohort/PPSL Committee and Licensing Board with nominations being advised to the Executive Director of Customer Services.
3. To invite the Leader of the SNP Council Group to fill the current vacancies created by the recent member resignation on the Community Services Committee, the Harbour Board and the West of Scotland Archeological Service .
4. To appoint Councillor Roddy McCuish to the Argyll and Islands Task Force.
5. To appoint Councillor Mary-Jean Devon to the Argyll Ferry Users Group and to invite the SNP Opposition Group to nominate a member to fill the vacancy on the Argyll Ferry Users Group, replacing Councillor Elaine Robertson.
6. To appoint Councillor Dick Walsh to fill the elected member place on Business Loans Scotland.
7. To appoint Councillor John McAlpine to fill the elected Member place on the Clyde Marine Planning Partnership.
8. To appoint both the Chair and Vice Chair of the EDI Committee to the Northern Roads Collaboration Forum.
9. To delegate the implementation of all of the above to the Executive Director of Customer Services in consultation with the Leader and Depute Leader of the Council and the Leader of the Council's main opposition Group.

(Reference: Report by Executive Director – Customer Services dated 22 March 2016, submitted)

13. SCHEME OF REMUNERATION FOR COUNCILLORS

The Council considered a report advising of adjustments made to remuneration arrangements for Councillors in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2016 which come into force on 1 April 2016.

Motion

That the Council –

1. Note the increased payments as detailed within the report.
2. Note that the arrears would be paid in the May pay run.
3. Agree a similar increase to the remuneration of senior councillors by 1% for 2016/17 with effect from 1 April 2016 to be consistent with national decisions on payments determined by statutory instrument.

Moved Councillor Dick Walsh, seconded Councillor Ellen Morton.

Amendment

That the Council –

1. Note the increased payments as detailed within the report.
2. Note that the arrears would be paid in the May pay run.
3. Do not agree a similar increase to the remuneration of senior councillors by 1% for 2016/17 with effect from 1 April 2016 to be consistent with national decisions on payments determined by statutory instrument.

Moved Councillor Sandy Taylor, seconded Councillor Richard Trail.

The requisite number of members present required the vote to be taken by calling the roll and members voted as follows –

Motion

Councillor Rory Colville
Councillor Maurice Corry
Councillor Robin Currie
Councillor Mary-Jean Devon
Councillor Donald Kelly
Councillor David Kinniburgh
Councillor John McAlpine
Councillor Roderick McCuish
Councillor Alistair MacDougall
Councillor Robert G MacIntyre
Councillor Donald MacMillan
Councillor Alex McNaughton
Councillor James McQueen
Councillor Aileen Morton
Councillor Ellen Morton
Councillor Elaine Robertson
Councillor Len Scoullar
Councillor Dick Walsh

Amendment

Councillor John Armour
Councillor Gordon Blair
Councillor Michael Breslin
Councillor Vivien Dance
Councillor George Freeman
Councillor Anne Horn
Councillor Neil MacIntyre
Councillor Bruce Marshall
Councillor James Robb
Councillor Isobel Strong
Councillor Sandy Taylor
Councillor Richard Trail

Decision

The Motion was carried by 18 votes to 12 and the Council resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated 23 March 2016, submitted)

Councillors James Robb and Sandy Taylor left the meeting at this point.

14. MEMBERSHIP OF THE LOCAL LICENSING FORUM

The Council considered a report updating them on current issues relating to the membership of the Local Licensing Forum. The report outlined proposals to review the range of businesses, agencies and local groups participating in the Forum in order to optimise its effectiveness.

Decision

The Council approved the proposal to refresh and extend the scope of Forum membership as detailed at section 4.4 of the submitted report.

(Reference: Report by Executive Director – Customer Services dated 6 April 2016, submitted)

15. REVIEW OF CHARITABLE TRUSTS HELD BY ARGYLL & BUTE COUNCIL

A report advising the Council of the decision by the Office of Scottish Charity Regulator (OSCR) to approve the proposal to transfer the funds held by the Norman Stewart Institute Trust to For Bute was considered.

Decision

The Council gave final authorisation to approve the payment of the remaining funds of the Norman Stewart Institute Trust (SC019601) to For Bute (SC044153) and to then wind up the trust and remove it from the OSCR Register.

(Reference: Report by Executive Director – Customer Services dated 16 March 2016, submitted)

16. ROTHESAY COMMON GOOD FUND

The Council considered a report recommending a mechanism to enable the Rothesay Common Good Fund to determine applications for grants where attendance of all trustees of the Fund is not possible.

Decision

The Council agreed a delegation to the Executive Director – Customer Services to determine in consultation with available Bute ward members, applications to the Rothesay Common Good Fund on occasions where the attendance of all trustees of the Fund at a scheduled or arranged meeting of the Fund is not possible.

(Reference: Report by Executive Director – Customer Services dated 21 January 2016, submitted)

Councillor Sandy Taylor returned to the meeting at this point. Councillor Michael Breslin left the meeting at this point.

17. PERFORMANCE AND SCRUTINY REVIEW HANDBOOK (Pages 19 - 20)

At their meeting on 25 February 2016, the Performance Review and Scrutiny Committee considered a report prepared by the Chief Internal Auditor which provided a draft Performance Review and Scrutiny Handbook for approval. The Committee approved the Handbook and agreed to submit the handbook to Council for information.

Motion

- That the Council appreciates the work carried out by the PRS Committee and their drafting of the Performance and Scrutiny Review Handbook.

- The Council in noting the detail acknowledges that the draft handbook provides for the PRS Committee a framework to undertaking effective scrutiny and is proposed as a starting point for the Committee.
- The Council further notes the potential changes to the existing terms of reference of the PRS Committee from the proposals and the consequences for the Current Council Constitution.
- The Council agrees to set up a Short Life Working Group (SLWG) for the purpose of considering the future local democratic and governance arrangements of the Council, to consider also the detail in the proposed Performance and Scrutiny Review Handbook and how all of this will relate to future governance arrangements, and to bring forward a report to a future meeting of the Council in readiness for the new Council.
- To agree that the membership of the SLWG to consist of 12 members on an 8 to 4 split between Administration and Opposition members. The Chair of the SLWG to be the Council Leader and Vice Chair the Depute Council Leader.
- The Executive Director of Customer Services will be advised as to the names of the members to serve on the SLWG.

Moved by Councillor Dick Walsh, seconded by Councillor Ellen Morton.

Amendment

- That the Council appreciates the work carried out by the PRS Committee and their drafting of the Performance and Scrutiny Review Handbook.
- The Council in noting the detail acknowledges that the draft handbook provides for the PRS Committee a framework to undertaking effective scrutiny and is proposed as a starting point for the Committee.
- The Council further notes the potential changes to the existing terms of reference of the PRS Committee from the proposals and the consequences for the Current Council Constitution.
- The Council agrees to set up a Short Life Working Group (SLWG) for the purpose of considering the future local democratic and governance arrangements of the Council, to consider also the detail in the proposed Performance and Scrutiny Review Handbook and how all of this will relate to future governance arrangements, and to bring forward a report to a future meeting of the Council in readiness for the new Council.
- To agree that the membership of the SLWG to consist of 12 members, the split between Administration and Opposition members taking into account the current political composition of the Council. The Chair of the SLWG to be the Council Leader and Vice Chair the Depute Council Leader.
- The Executive Director of Customer Services will be advised as to the names of the members to serve on the SLWG.

Moved Councillor George Freeman, seconded Councillor Gordon Blair.

Decision

Following a show of hands vote the Motion was carried by 17 votes to 9 and the Council resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated 22 March 2016, submitted)

18. **CASTLE TOWARD** (Pages 21 - 22)

The Council considered a report presenting a report on Castle Toward which had been prepared and agreed by the Performance Review and Scrutiny Committee at their meeting on 25 February 2016.

Decision

The Council –

- Noted the level of internal and external scrutiny on the business related to the disposal of Castle Toward, their findings and conclusions.
- Noted the chronology of activity and reporting to the PRS Committee and their scrutiny of this business and the recommendations as set down in section 4 of their report.
- Noted the existence within the Council processes of the Working Group charged with looking at the implementation of the Community Empowerment (Scotland) Act 2015 and the provisions of part 2 of the Land Reform (Scotland) Act 2003 and associated regulations related to the disposal and transfer of assets.
- Acknowledged and confirmed the detail in the Council's current Asset Transfer Policy document and the ongoing work of the above mentioned Working Group and agreed to review this Asset Transfer policy within the work of the proposed SLWG set up to look at future Governance arrangements of the Council.
- Noted the references by the PRS Committee to State Aid and its future guidance, to capital receipts monitoring reporting and agreed that officers will pick this work up as part of the normal operational activity and monitoring reporting.

(Reference: Report by Executive Director – Customer Services dated 22 March 2016, submitted; and Notice of Motion by Councillor Ellen Morton, seconded by Councillor Roddy McCuish, tabled)

19. **DEVELOPING A STATUTORY REGIONAL MARINE PLAN FOR THE FIRTH OF CLYDE**

An extract from the Planning, Protective Services and Licensing Committee held on 16 March 2016 was before the Council for consideration.

Decision

The Council noted that this had been dealt with under items 4c (Policy and Resources Committee Minutes of 17 March 2016) and 11 (Political Management Arrangements) of the agenda.

(Reference: Extract of Minutes of Meeting of Planning Protective Services and Licensing Committee held on 16 March 2016; and Report by Executive Director – Development and Infrastructure Services dated February 2016, submitted)

20. ROTHESAY TOWNSCAPE HERITAGE PHASE TWO - HERITAGE LOTTERY FUND OFFER OF AWARD

The Council considered a report requesting approval of the Heritage Lottery Fund Terms of Grant in relation to the first round grant award of £109,700 awarded to the Council on 26 January 2016.

Decision

The Council agreed to the Heritage Lottery Fund Terms of Grant and delegated authority to the Chief Executive to sign and agree the terms with the Heritage Lottery Fund.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 29 February 2016, submitted)

21. ENERGY EFFICIENCY STREET LIGHTING PROJECT FUNDING

The Council considered a report advising of an offer received from Salix for a £400,000 interest free loan in relation to the replacement of LED energy efficient luminaires in Argyll and Bute.

Decision

The Council –

1. Approved the use of the Salix funding.
2. Agreed that, in order to meet the timescales, the first phase of the lighting project would be delivered by internal resource.
3. Agreed that the additional saving on borrowing would be used to borrow more capital in order to allow replacement of more columns.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 12 April 2016, submitted)

22. REPORT ON THE OUTCOME OF THE CONSULTATION RELATING TO THE RE-ALIGNMENT OF CATCHMENT AREAS OF ACHAOISH AND TARBERT PRIMARY SCHOOLS

A report providing an update to the Council on the proposal that the Council re-align the catchment areas for Achahoish and Tarbert Primary Schools with effect from 16 August 2016 was considered.

Decision

The Council agreed to –

1. Realign the catchment areas for Achahoish and Tarbert Primary Schools.
2. Pursue parental/guardian transport arrangements wherever possible for pupils from the rezoned area.

(Reference: Report by Executive Director – Community Services dated 22 March 2016, submitted)

23. CAMPBELTOWN NURSERY

The Executive Director – Customer Services advised that this item was before the Council for procedural reasons and no longer required consideration. He further advised that the referral had been unable to come before the budget meeting due to the fact that the Council meeting was less than 21 days after the date of the Area Committee. It was noted that a request had been received from the mover of the motion, with the agreement of the seconder, to withdraw the motion but had also required agreement from the Area Committee on this occasion as the matter had been referred by them to the Council.

Councillor Donald Kelly left the meeting at this point.

24. NPDO SCHOOLS REMEDIAL REPAIRS

The Council considered a report advising of remedial repairs carried out at Rothesay Joint Campus and Oban Primary Campus following issues identified following annual fabric condition surveys; and the further surveys being carried out that week across the NPDO school estate.

Decision

The Council noted the content of the report.

(Reference: Report by Executive Director – Customer Services dated 21 April 2016, tabled)

25. NOTICE OF MOTION UNDER STANDING ORDER 14

In terms of Standing Order 14, the following Notice of Motion had been received for consideration as a matter of urgency –

Motion

The Council:

- Notes that the £1 billion 2016-24 Clyde and Hebrides ferry services (CHFS) contract will be awarded at the end of May and that the two bidders are public sector operator CalMac and private multinational Serco.
- Welcomes the Scottish Government's significant increases in public investment in ferry infrastructure and services, including six new vessels for the CHFS network by 2025.
- Notes ferry expert Jeanette Findlay of Glasgow University's report for the RMT union, "*Economic benefits of public sector provision on lifeline Clyde and Hebrides ferry services*" which found that CalMac is an efficient operator that spreads benefits across the Scottish economy whilst Serco's profit-seeking

model restricts performance to contractual minimums and would increase risk to workers, communities, passengers and the taxpayer.

- Agrees that the council will write to the First Minister and the Transport Minister of the Scottish Government, urging them to bear in mind the conclusions of the Findlay report, in particular around retaining public sector operation of lifeline ferry services to the benefit of the Scottish economy and society as well as the quality of current ferry arrangements, when assessing and weighting the CalMac submission for the award of the next CHFS contract.

Moved Councillor Robin Currie, seconded Councillor Roddy McCuish

Decision

The Council agreed the terms of the Notice of Motion as above.

(Reference: Notice of Motion by Councillor Robin Currie, seconded by Councillor Roddy McCuish, tabled)

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following 2 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8 and 9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

26. NPDO SCHOOLS AFFORDABILITY REPORT

The Council considered a report summarising progress in relation to the Council's NPDO project to the end of March 2016, and in particular, provided an update on the current financial position of the project.

Decision

The Council noted the content of the report.

(Reference: Report by Executive Director – Customer Services dated April 2016, submitted)

27. DUNCLUTHA CHILDREN'S HOUSE

A report updating the Council on the tender process for the replacement of Dunclutha Children's House in Dunoon was considered.

Decision

The Council agreed the recommendations as contained within the report.

(Reference: Joint report by Executive Director – Customer Services and Executive Director – Community Services dated 30 March 2016, submitted)

At the conclusion of the Council business the Provost advised that this was the last Council meeting that the Chief Executive, Sally Loudon, would be attending before

her departure from the Council to join COSLA as their Chief Executive. The Provost wished her well on behalf of the Council and invited the Leader and the Depute Leader of the Council to give a short speech and to present her with gifts on behalf of the Council. The Chief Executive expressed her thanks to the Council and gave a short speech.

**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 12 MAY 2016**

Present:

Councillor Dick Walsh (Chair)

Councillor Rory Colville	Councillor Ellen Morton
Councillor Robin Currie	Councillor James Robb
Councillor Mary-Jean Devon	Councillor Len Scoullar
Councillor Roderick McCuish	Councillor Isobel Strong
Councillor Aileen Morton	Councillor Sandy Taylor

Also Present:

Councillor John McAlpine	Councillor Donald MacMillan
Councillor Robert E MacIntyre	

Attending:

Douglas Hendry, Executive Director – Customer Services
Pippa Milne, Executive Director – Development and Infrastructure Services
Fergus Murray, Head of Economic Development and Strategic Transportation
Kirsty Flanagan, Head of Strategic Finance
Patricia O'Neill, Central Governance Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Maurice Corry, Alistair MacDougall, Neil MacIntyre and Gary Mulvaney.

2. DECLARATIONS OF INTEREST

There were none intimated.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 17 March 2016 were approved as a correct record.

4. FINANCIAL REPORTING 2016-17

The Committee considered a report setting out proposed arrangements for financial reporting during 2016-17.

Decision

The Committee noted the arrangements for financial reporting during 2016-17.

(Reference: Report by Head of Strategic Finance dated 5 April 2016, submitted)

5. 2016-17 SETTLEMENT CHANGES

The Committee considered a report advising of updates to both the capital and the revenue funding since the Council's Budget meeting on 11 February 2016. The report highlighted a change to the Revenue funding in respect of the floor calculation where an error had been identified resulting in a reduction of funding of £0.068M. It also highlighted a change to the capital funding in respect of a 20% allocation of the

flooding capital grant (£0.113M) and additional monies in relation to the Children and Young People Act (£0.542M), a total increase of £0.655M.

Decision

The Committee –

1. Noted the decrease in revenue funding due to an error in the floor calculation by Scottish Government and noted that SMT would take steps to eliminate the variance which would be reported through routine budget monitoring.
2. Noted the increase in capital funding and the requirement to use some of the funding to meet the increased costs for the replacement of Dunclutha Children's House as agreed at Council on 21 April 2016.
3. Agreed that for the remainder of the capital funding, that the Asset Management Board bring forward proposals in due course for Member approval.

(Reference: Report by Head of Strategic Finance dated 26 April 2016, submitted)

6. REGENERATION INITIATIVES

(a) Argyll, Lomond and the Islands Rural Regeneration Initiative

Following agreement by Council to establish the Argyll, Lomond and the Islands Rural Regeneration Initiative, the Committee considered a report setting out further background including parallel developments and which sought to capture key plans, activities, investments and initiatives in a single framework document.

Decision

The Committee –

1. Noted the content of the report setting out the background and purpose of the Argyll, Lomond and the Islands Rural Regeneration Initiative and the associated framework document appended as appendix 1.
2. Noted that separate papers on the agenda were linked to this general paper, namely the Inward Investment Fund, the Rural Resettlement Fund, and the Lochgilphead and Tarbert Regeneration Fund.
3. Agreed that the Inward Investment Fund, the Rural Resettlement Fund and the Lochgilphead and Tarbert Regeneration Fund would be reported under the Argyll, Lomond and the Islands Rural Regeneration Initiative and that this would be reported to the Policy and Resources Committee.
4. Agreed that the Asset Management Fund is not an integral part of the Argyll, Lomond and the Islands Rural Regeneration Initiative and would be reported separately under the emerging transformation agenda.

(Reference: Report by Chief Executive dated 18 April 2016, submitted)

(b) **Tarbert and Lochgilphead Regeneration Fund**

The Committee considered a report providing an overview of the proposed criteria for distribution of a £3M regeneration fund targeted at the Mid Argyll and North Kintyre Area. The funding is intended to promote the further regeneration and economic development of Mid Argyll and North Kintyre focusing mainly on the communities of Lochgilphead and Tarbert.

Decision

The Committee –

1. Agreed the criteria set down in paragraph 4.3 of the submitted report.
2. Agreed that the main focus of the Tarbert and Lochgilphead Regeneration Fund should be the main town of Lochgilphead & Ardrishaig, the key settlement of Tarbert and the areas immediately surrounding them.
3. Noted that the Executive Director for Development and Infrastructure would report to the Policy and Resources Committee on a regular basis on the operation and performance of the fund.
4. Agreed that following consultation with the MAKI Area Committee that business cases would be developed for approval by the Policy and Resources Committee.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 14 March 2016, submitted)

(c) **Rural Resettlement Fund**

The Committee considered a report setting out proposed criteria, timescales and Governance for a £500K Rural Resettlement Fund to help incentivise new residents and/or businesses to relocate to Argyll and Bute to help grow the population throughout the area.

Decision

The Committee –

1. Agreed that the main focus of the Rural Regeneration Fund should be to incentivise new residents and/or businesses to relocate to Argyll and Bute.
2. Agreed that officers produce a range of options, including all administration arrangements, for member approval at the August Policy and Resources Committee
3. Noted that the Executive Director for Development and Infrastructure would report to the Policy and Resources Committee on a regular basis on the operation and performance of the fund.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 21 March 2016, submitted)

(d) **Inward Investment Fund**

The Committee considered a report outlining broad criteria of a £1M Inward Investment Fund covering the area of Argyll and Bute. It was intended that the fund would be to promote the growth of the Argyll and Bute economy through attracting significant inward investment to the region that has the potential for a transformational impact.

Decision

The Committee approved the implementation of the Inward Investment Fund and its associated criteria and governance arrangements, intended to promote the growth of the economy in Argyll and Bute.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 21 March 2016, submitted)

7. WIND TURBINE AT GLENGORM LANDFILL SITE

The Committee considered a report providing them with an update on progress made following the delegation given by Council, on 21 January 2016, to the Executive Director – Customer Services, in consultation with the Leader, Depute Leader and Leader of the main Opposition Group, to accept tenders in respect of the installation of a wind turbine at Glengorm Landfill Site on Mull.

Decision

The Committee noted the position in terms of the delegation granted by Council on 21 January 2016.

(Reference: Report by Executive Director – Customer Services dated 4 May 2016, submitted)

8. ENHANCED EMPLOYABILITY PIPELINE STRATEGIC INTERVENTION - EUROPEAN SOCIAL FUND

The Committee considered a recommendation from the Environment, Development and Infrastructure Committee held on 7 April 2016 in respect of the proposed Enhanced Employability Pipeline Strategic Intervention application to the European Social Fund 2014 to 2020.

Decision

The Committee noted that no further feedback was available at the current time and therefore no report was presented in relation to the recommendation that a report be provided to this meeting updating Members on a stage 2 application and setting out any match funding requirements.

(Reference: Recommendation by Environment, Development and Infrastructure Committee held on 7 April 2016 and report by Executive Director – Development and Infrastructure Services dated April 2016, submitted)

* **9. PROCEDURE FOR ROAD SAFETY INSPECTIONS AND DEFECT CATEGORISATION**

The Committee considered a recommendation from the Environment, Development and Infrastructure Committee held on 7 April 2016 in respect of the adoption of the Procedure of Road Safety Inspections and Defect Categorisation document.

Decision

The Committee agreed to recommend to Council the adoption of the Procedure for Road Safety Inspections and Defect Categorisation.

(Reference: Recommendation by Environment, Development and Infrastructure Committee held on 7 April 2016, report by Executive Director – Development and Infrastructure Services dated March 2016 and Procedure for Road Safety Inspections and Defect Categorisation effective from 1 April 2016, submitted)

10. CAMPBELTOWN CHORD POSITION STATEMENT

The Committee considered a recommendation from the Mid Argyll, Kintyre and Islands Area Committee held on 6 April 2016 in relation to the purchase of a suitable mechanical sweeper using some of the unallocated CHORD funds.

Decision

The Committee agreed that up to £15,000 is allocated from the remaining £197,625 of Campbeltown CHORD Funds to allow the purchase of a suitable mechanical sweeper for use in Campbeltown Town Centre to ensure that the improved appearance of the town is maintained due to the start of the summer months.

(Reference: Recommendation from the Mid Argyll, Kintyre and Islands Area Committee held on 6 April 2016 and report by Executive Director – Development and Infrastructure Services dated 3 May 2016, submitted)

11. POLICY AND RESOURCES WORK PLAN AS AT MAY 2016

The Policy and Resources Committee Work Plan as at May 2016 was before the Committee for consideration.

Decision

The Committee noted the Work Plan.

(Reference: Policy and Resources Committee Work Plan as at May 2016, submitted)

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**MINUTES of MEETING of COMMUNITY SERVICES COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 2 JUNE 2016**

Present: Councillor Robin Currie (Chair)

Councillor Gordon Blair	Councillor John McAlpine
Councillor Rory Colville	Councillor Roderick McCuish
Councillor Mary-Jean Devon	Councillor James McQueen
Councillor George Freeman	Councillor Aileen Morton
Councillor Anne Horn	Councillor Isobel Strong
Councillor Neil MacIntyre	Alison Palmer
Councillor Robert E Macintyre	

Also Present: Councillor Donald MacMillan

Attending: Cleland Sneddon, Chief Executive
Shona Barton, Area Committee Manager
Ann Marie Knowles, Acting Executive Director – Community Services
Donald MacVicar, Head of Community and Culture
Jane Fowler, Head of Improvement and HR
Louise Connor, Education Manager
Moira MacVicar, Housing Services Manager
Martin Turnbull, Youth Services Manager
John MacLeod, Chair, An Comunn Gàidhealach
John Morrison, Chief Executive, An Comunn Gàidhealach
David MacIntyre, The Market Specialists Consultants

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated from Councillors Maurice Corry, Julie MacKenzie and Elaine Robertson; and from Church Representative, William Crossan and Teacher Representative, William Marshall.

2. DECLARATIONS OF INTEREST

There were none intimated.

3. MINUTES

The Minute of the Community Services Committee held on 10 March 2016 was approved as a correct record.

4. EVALUATION OF ECONOMIC IMPACT OF ROYAL NATIONAL MOD OBAN 2015

Consideration was given to a report which introduced an independent report from consultants, The Market Specialists, showing the economic benefit of the Royal National Mod in October 2015 in Oban. A presentation was also given by David MacIntyre, Managing Director of the Market Specialists, John Morrison, Chief

Executive of An Comunn Gàidhealach and John MacLeod Chair of An Comunn Gàidhealach on the key findings of the report.

Councillor Robert E MacIntyre joined the meeting at this point.

Decision

The Committee noted the content of the report and thanked David MacIntyre, John MacLeod and John Morrison for their presentation.

(Reference: Report by Executive Director – Community Services dated 18 April 2016 and The Market Specialists report, Economic Impact Study of Royal National Mod in Oban October 2015 dated January 2016, submitted)

5. GAELIC LANGUAGE PLAN ANNUAL REPORT

A report updating the Committee on progress in delivering the Council's Gaelic Language Plan was considered.

Councillor Mary Jean Devon joined the meeting at this point.

Decision

The Committee agreed to:-

1. note the progress being made in delivering the Council's Gaelic Language Plan;
2. note that a number of the measures in the Plan have been updated to enable more accurate recording and more effective measuring of impact; and
3. note that as part of delivering the Plan, there will be a Gaelic Gathering hosted by the Council on 20 August 2016 in the Corran Halls, Oban.

(Reference: Report by Executive Director – Customer Services dated May 2016, submitted)

6. PERFORMANCE REPORT FQ4 - 2015/16

Consideration was given to a report on the Community Services FQ4 Performance Scorecard.

Councillor Anne Horn left the meeting at this point.

Decision

The Committee noted the performance for the quarter.

(Reference: Report by Executive Director – Community Services dated 2 June 2016, submitted)

7. INSIGHT UPDATE

The Committee received an informative presentation from the Acting Executive Director of Community Services and the Education Manager updating them on Insight. The presentation covered what Insight was, the performance measures that are used and the information that the Insight toolkit could provide. The presentation also provided Members with performance data collected for Argyll and Bute for previous years and with information on the National Improvement Framework. Following the presentation Members were given the opportunity to ask questions.

Decision

The Committee noted -

1. the content of the presentation and thanked the Acting Executive Director and Education Manager for the valuable information provided;
2. that copies of the presentation would be provided to Members via email.

(Reference: Presentation by Acting Executive Director of Community Services and Education Manager)

8. SCHOOL HOLIDAYS 2017 - 18

The major school holiday arrangements for Argyll and Bute for session 2017/2018 require to be set by the Council and a report advising on the process being taken in advance of the final pattern of school holidays and in-service days being brought before the Committee for agreement was considered.

Motion

That the Committee agree:-

1. to note the approach being taken to consult on the proposed arrangements for school holidays in session 2017/2018;
2. to note that further consultation with appropriate Unions on the proposal for school holiday arrangements in session 2017/2018 will be taken forward; and
3. that the final pattern of school holidays and in-service days be presented for consideration at the September Community Services Committee meeting.

Moved Councillor Robin Currie, seconded Councillor Rory Colville.

Amendment

Members of the Community Services Committee note the contents of the report relating to the proposed school holidays for 2017-18 and;

1. agree that the proposed dates are a major departure from the existing arrangements and are likely to cause major concerns for many parents/carers/employers within the Helensburgh and Lomond Area;

2. agree to support the views of Parent Councils in the Helensburgh and Lomond Area and reject the proposed dates for school holidays within that area;
3. request that officers discuss the proposed school holiday dates for 2017/18 with neighbouring local authorities and bring forward proposals that are in line with the current arrangements.

Moved Councillor George Freeman, seconded Councillor Isobel Strong.

The Committee adjourned for lunch at 1.10pm and reconvened at 1.30pm.
Councillor John MacAlpine was not present at this point.

The Chair advised that he would not be accepting the aforementioned Amendment by Councillor George Freeman, seconded by Councillor Isobel Strong, as it was premature in that the consultation process had still to be completed.

The Chair invited Members to bring forward any further amendments.

Amendment

That the Committee continue consideration of the matter until the next meeting of the Community Services Committee.

Moved Councillor George Freeman, seconded Councillor Isobel Strong.

The requisite number of Members present required the vote to be taken by calling the roll and Members voted as follows –

Motion

Councillor Rory Colville
Councillor Robin Currie
Councillor Mary Jean Devon
Councillor Roderick McCuish
Councillor Neil MacIntyre
Councillor James McQueen
Councillor Aileen Morton

Amendment

Councillor Gordon Blair
Councillor George Freeman
Councillor Robert E MacIntyre
Councillor Isobel Strong

Decision

The Motion was carried by 7 votes to 4 and the Committee resolved accordingly.

(Reference: Report by Executive Director – Community Services dated 2 June 2016, submitted)

Councillor John MacAlpine rejoined the meeting at this point.

9. YOUTH SERVICES - YOUTH STRATEGY

A report providing information to elected Members of the developments within Argyll and Bute Youth Services, to highlight recent service activity and to outline the detail of the National Youth Work Strategy and Youth Work Outcomes was considered.

Decision

The Committee agreed to:-

1. note the current development of Youth Services and the publication of The National Youth Work Strategy (Our ambitions for improving the life chances of Young People in Scotland);
2. note progress within Argyll and Bute in achieving the ambitions of the Strategy; and
3. endorse the adoption by Youth Services of the new National Youth Work Outcomes.

(Reference: Report by Executive Director – Community Services dated 2 June 2016, submitted)

10. SECONDARY SCHOOL YOUTH ENGAGEMENT OFFICERS

Consideration was given to a report advising of a proposal by Police Scotland to deploy Youth Engagement Officers in three secondary schools in Argyll and Bute.

Councillors Robert E MacIntyre and Isobel Strong left the meeting at this point.

Decision

The Committee agreed to:-

1. accept the offer from Police Scotland for the deployment of Youth Engagement Officers in Hermitage Academy, Dunoon Grammar School and Oban High School; and
2. note the proactive approach being taken to raising community awareness of the deployment of Youth Engagement Officers.

(Reference: Report by Executive Director – Community Services dated 30 March 2016, submitted)

11. HERMITAGE ACADEMY CURRICULUM REVIEW

Consideration was given to a report which provided an update to the Committee of the progress in taking forward the action plan arising from the internal review of the senior phase curriculum at Hermitage Academy which was carried out during August to November 2015.

Decision

The Committee agreed to:-

1. note the progress achieved by Hermitage Academy, supported by Education Services in taking forward the key actions arising from the internal review of the senior phase curriculum at Hermitage Academy; and

2. note that a further progress report will be presented to a future Community Services Committee meeting.

(Reference: Report by Executive Director – Community Services dated 2 June 2016, submitted)

12. EDUCATION STRATEGY

A report advising elected Members of the introduction of a formal Education Vision and Strategy was considered. This document has been prepared by Education Services to allow the Service to effectively respond to the changing National and local policy contexts and, in doing so, ensure the future delivery of an Education Service which supports our children, young people and communities to achieve the best possible outcomes.

Councillor James McQueen left the meeting at this point.

Decision

The Committee agreed:-

1. to note the preparation of a draft Education Vision and Strategy;
2. to note the proposed timescales for taking forward the consultation, review and revision of this important document; and
3. that a further report be presented to the September meeting of the Committee following consultation.

(Reference: Report by Executive Director – Community Services dated 2 June 2016 and draft Education Vision and Strategy dated 5 May 2016, submitted)

13. HOME ENERGY EFFICIENCY PROGRAMMES FOR SCOTLAND: AREA BASED SCHEME (HEEPS: ABS)

For the past three years the Scottish Government has provided grant funding to the Council for energy efficiency home improvements through the Home Energy Efficient Programme for Scotland: Area Based Schemes (HEEPS: ABS), in order to meet their target to alleviate fuel poverty, as far as reasonably practicable, by 2016 and to reduce greenhouse gas emission by 42% by 2020 (based on 1990 levels) in accordance with the Scottish Climate Change Act 2009. A report summarising the progress of the Argyll and Bute HEEPS: ABS and seeking approval for the proposals for the 2016/17 scheme and beyond was considered.

Councillor James McQueen re-joined the meeting at this point.

Decision

The Committee agreed:-

1. to note the HEEPS: ABS proposals for 2016/17 as detailed at paragraph 4.7 of the report; and

2. the proposal to target areas, in future years as funding allows, that have not previously benefitted from energy efficiency improvements, as set out in paragraph 4.9 of the report.

(Reference: Report by Executive Director – Community Services dated 19 May 2016, submitted)

14. COMMUNITY SERVICES COMMITTEE WORK PLAN

Consideration was given to the work plan to facilitate forward planning of reports to the Community Services Committee.

Decision

The Committee -

1. noted the contents of the work plan and;
2. noted that Schools Holidays 2017-18 and Education Strategy would be added as items for the September meeting.

(Reference: Community Services Committee Work Plan dated June 2016, submitted)

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ARGYLL AND BUTE COUNCIL**COUNCIL**

30th June 2016

LEADER'S REPORT

1. INTRODUCTION

- 1.1** This report provides members with an update on the activities I have undertaken as Leader of the Council from 1st April to 20th June 2016. These are outlined below in chronological order for members' information and interest.
- 1.2** I have also provided updates in respect of my role as Policy Lead Councillor for Finance, IT, HR and Governance and Law.

2. RECOMMENDATIONS

- 2.1** Members are asked to note the report,
- 2.2** Members are asked to note that the full Leader's Report Pack is available in the Leader's office. This includes COSLA papers and briefings as referenced in the report. Any COSLA items heard in public session can be provided to members electronically; the papers for items taken in private session can be reviewed in the Leader's office.

3. COSLA LEADERS, 1st April 2016

- 3.1** All of the items for the April COSLA Leaders session were taken in private session. The agenda topics were:
- UNISON Campaign for Policy of No Compulsory Redundancies in Scottish Councils
 - National Care Home Contract Negotiations
 - WithScotland (national child protection hub, formerly known as the Multi Agency Resource Centre)
 - Spending Review 2017/18 – 19/20

- Review of Planning
- Digital and Broadband Update
- Devolution of Employability Programmes
- Women's Prison Estate
- Distribution (recommendations on three items from the Settlement and Distribution Group)

While COSLA's decision to hold all discussions in private session means I am unable to report on them in detail here, I understand that some topics may well be of interest to colleagues. Members can access all papers provided by COSLA, along with briefings from officers, in the full Leader's Report Pack.

4. ARGYLL AND BUTE ECONOMIC FORUM, Helensburgh, 14th April 2016

- 4.1** I was delighted to be able to attend a meeting of the Argyll and Bute Economic Forum in the Helensburgh and Lomond Civic Centre on 14th April 2016. This gave forum members the opportunity to consider the reaction to the report prepared by the Chair, Nicholas Ferguson, earlier in the spring. The private-sector focused forum includes in its membership business representatives from several of Argyll and Bute's key economic sectors, including food and drink and tourism. Their focus today was to form smaller, targeted groups each looking at the key areas of tourism, food, youth engagement, overcoming barriers and small businesses. The forum wants to ensure that activities are appropriately prioritised and monitored following the findings of the chair's report. They are due to meet again in the autumn to look at progress.

5. APPOINTMENT OF CHIEF EXECUTIVE, 20th April 2016

- 5.1** I joined colleagues in participating in the Appointments Panel set up to recruit and appoint a new Chief Executive in April 2016. The vacancy attracted a lot of interest from high calibre candidates not only from the UK but from around the world. After an intense few days of interviews, we were delighted to appoint Cleland Sneddon to the role. Cleland is of course well known to everyone from his stint as Executive Director of Community Services. He has now officially been in post for some four weeks and I am confident that with his experience and understanding of the opportunities and challenges we face, he will lead a team delivering progress not only for the council but for everyone in Argyll and Bute.

6. COSO, Victoria Halls, Helensburgh, 22nd April 2016

- 6.1** Something that is always helpful and valuable to me as Leader of the council is to take every possible opportunity to meet and speak with our staff. The Chief Officers and Senior Officers (COSO) quarterly meeting is one such opportunity. It brings colleagues together from all parts of the area we serve to hear important strategic updates and, of course, to share questions and answers, good practice and ideas together.

Like all Scottish councils we must change what we do in response to challenging times and different aspirations and needs. Transformation was therefore high on the agenda for this COSO session, with a particularly informative session on the challenges and possibilities arising from leisure trusts as well as a more general update on our Change to Gain activity.

We also heard from Anthony Standing of Skills Development Scotland, who provided lots of information about the employment and other post-education destination profile in Argyll and Bute and the Highlands region generally.

The day closed with a session on the Argyll and Bute Economic Forum report and an update on the Rural Regeneration Initiative agreed by the council at the February budget meeting.

7. MEETING WITH SCOTTISH FIRE AND RESCUE, 27th April 2016

- 7.1** In one of Sally Loudon's final meetings as our Chief Executive, it was a great pleasure to welcome Pat Watters, Chair of the Scottish Fire and Rescue Service Board, and Alasdair Hay, SFRS Chief Officer, to Kilmory in April.

SFRS have just concluded a three month consultation (21st March to 15th June) on the Fire and Rescue Framework for Scotland 2016. This outlines Scottish ministers' expectations of the service over the next few years. As part of this, Pat and Alasdair undertook a programme of engagement with partners ahead of the service's development of its own strategic plan. After our meeting, they travelled to Oban for a community engagement event in Oban Fire Station.

SFRS has to address reduced levels of funding and, like all other public sector agencies, is on a journey of reform and change. The organisation is looking at a range of ways of meeting its funding gap including joint resourcing with other agencies, more effective asset management, a focus on prevention and more.

This was a positive and constructive meeting and we look forward to hearing more about the draft strategic plan, the objectives and outcomes of which will be closely linked to the Single Outcome Agreement/Local Outcome Improvement Plan. A further public consultation is anticipated with the final version of the plan emerging around October this year.

8. BUSINESS LOANS SCOTLAND, Board meeting 6th May 2016

- 8.1** In my capacity as Policy Lead for Strategic Finance, I am the council's representative on Business Loans Scotland, formerly the West of Scotland Loan Fund. This is a new body which held its first board meeting in May. The presentation given to the board outlines how the organisation will work and this may be of interest to members.

9. HIGHLANDS AND ISLANDS TERRITORIAL COMMITTEE and HIGHLANDS AND ISLANDS EUROPEAN PARTNERSHIP, Inverness, 16th May 2016

- 9.1** Along with members of the council's European team I attended (by VC link) the meetings of the Highlands and Islands Territorial Committee (HITC) and Highlands and Islands European Partnership (HIEP).

HITC agenda items were:

- Update on broadband action
- Risks and issues
- Programme performance/progress
- European Agricultural Fund for Rural Development scheme update
- Update on Areas facing Natural Constraints (ANC)

The HIEP agenda comprised:

- Scotland Europa membership
- Management arrangements
- European Structural Investment Funds
- Culture and heritage update
- Partner activity

All reports and associated briefings provided by our officers are available in the Leader's Report pack.

10. QUEEN'S SPEECH – KINTYRE SPACEPORT, 18th May 2016

- 10.1** At the State Opening of Parliament, Her Majesty the Queen declared support for the UK Government's bid to establish a commercial spaceport by 2030 in her traditional speech. Machrihanish Airbase Community

Company (MACC) welcomed the indication that matters will move forward soon and reiterated the company's determination to ensure that Kintyre is the first and best possible choice for a UK spaceport.

Along with MACC and HIE, we continue to work closely with Discover Space to put forward our strong case for the site, given that this would be a major contribution to our drive to create jobs, grow the economy and attract more people to Argyll and Bute.

We look forward to seeing more detail on the spaceport framework as the Modern Transport Bill progresses and also hope to have further meetings to augment support for the Kintyre bid as soon as possible after recess.

11. TIREE, A'BHAIN – HOMECOMING FESTIVAL, May 2016

- 11.1** It was a real privilege to be able to attend Tiree's Homecoming Festival, A'Bhuain, during May. This was a fantastic celebration of local culture following many months of hard work by a committee of volunteers.

A'Bhuain is, of course, just one example of many, many such events across Argyll and Bute which are testament to the hard work and commitment of local people, and it is encouraging and heartening to see them well-attended and supported – they make a significant contribution to the vibrancy of life in our communities.

12. HIGHLANDS AND ISLANDS LEADERS GROUP, 27th May 2016

- 12.1** I was unable to attend the May session of the Highlands and Islands Leaders Group, but copies of all papers and associated briefings are available in the Leader's Report pack.

The agenda items were:

- Follow-up from Convention of the Highlands and Islands, March 2016
- Areas of common interest – Our Islands, Our Future; connectivity and transport; public sector reform; Crown Estate; marine strategy; economic development, employability, skills and population retention
- Emergency Towing Vessels
- Session with new Chief Executive of COSLA to discuss democratic renewal; protecting and enhancing the status of local government; engagement and relationship with the new Scottish Government; local government finance, budgets and distribution; COSLA work plan

13. COSLA LEADERS, 27th May 2016

13.1 I was not able to attend the May COSLA Leaders meeting but the council was represented by Cleland Sneddon in his first trip to COSLA as our Chief Executive.

The agenda items were:

- Presentation on Police Scotland from new Chief Constable Phil Gormley
- Verbal update on the Local Government Settlement
- Reforming Social Care
- Charging Guidance – Non Residential Social Care 2016/17
- Child Protection
- Political Engagement on Education
- Crown Estate
- Welfare Reform
- Regeneration Capital Grant Fund

These were listed by COSLA as private session items but all reports and the briefings supplied by our officers can be accessed in the Leader's Report pack.

14. OBAN NORTH AND LORN BY-ELECTION, 2nd June 2016

14.1 Congratulations to Kieron Green, who was elected to represent the Oban North and Lorn ward at the by-election on 2nd June 2016.

15. VISIT TO BUTE – REFUGEE RESETTLEMENT, 3rd June 2016

15.1 It is six months since Syrian refugees first arrived on the shores of Bute as part of Argyll and Bute's contribution to the UK Refugee Resettlement Programme.

I was privileged to have an opportunity to travel to Bute and meet with some of the Syrian families, the council staff who work so hard to support them in joining our community and the volunteers who make an invaluable contribution to that process.

Assisted by Adult Learning staff, the families are learning English – no mean feat, but one which is supported by a committed group of local volunteers who provide English conversation sessions in Rothesay every week. I was very impressed by the commitment and determination of both the Syrian learners and the volunteers who are helping them to learn what can be an incredibly difficult language.

Staff at Rothesay Joint Campus are also putting in considerable effort to support Syrian pupils – who are already bright, talented and lively participants in school life. They are making real progress in learning English and it was a joy to be able to meet with some of the children at the school and find out how they feel about living on Bute. Some have joined the local football and shinty teams and, by all accounts, are making a real contribution to their success!

Speaking with the families was fascinating but humbling. Their stories of the past may be difficult to hear, but overriding that are their hopes and aspirations for their future. They have a real desire to make a significant contribution to community life and are determined to learn, to study, to work, to do business and to forge new lives which enrich the community as well as their families.

Argyll and Bute can rightly be proud of its progress in refugee resettlement and this is testament to the hard work and determination of our team of officers who are leading on this, who leave no stone unturned in their endeavours to make this work for everyone's benefit. I look forward to hearing more about our Syrian families' progress on Bute in the future.

16. ELECTED MEMBERS' SEMINAR, 6th June 2016

- 16.1** It was a pleasure to welcome the Standards Commission for Scotland to our Elected Members' Seminar on 6th June. They gave us a very interesting and useful presentation on the updated guidance relating to the Councillors' Code of Conduct.

In addition, we had an encouraging presentation from Cameron McNair of MACC on the Kintyre spaceport bid, followed by sessions on roads in Argyll and Bute from our own Head of Roads and Amenity Services and Transport Scotland.

17. CAPITAL PROGRAMME - general

- 17.1** With support from senior officers, work continues on updating the council's Capital Programme, with the focus including phasing, financing and CHORD surplus funding. This is ongoing, but there will be a more detailed report for members in August.

18. DIGITAL MATTERS - general

- 18.1** In the annual Better Connected awards at the end of May, Argyll and Bute Council won the award for the best UK website for the council tax tasks. This is the latest in a series of awards for the council's website and

reflects the efforts made by our Web Team over the past year to make the council tax online task much easier to follow and use. They are constantly striving for improvement and it is good to see their efforts recognised once again.

In terms of external resources, it may be useful for members to check out the Improvement Service's new website, www.localcouncillor.scot. This website provides easy to understand information for anyone considering standing for election as a local councillor in the May 2017 elections as well as support available for elected members.

19. POLICY LEAD CUSTOMER SERVICES UPDATE, to 31st May 2016

18.1 Local Tax Collections - Collections of council tax for the 2016/17 were 11.06% at end of April, up 0.51% on last year. This is the highest ever achieved at end of April. At end of May collections are 20.36%, up 0.28% on last year. The marked increase in April is because we issued the first reminders faster, having checked practice in other local authorities, and this brings this into line with the follow up for later months.

Collections for 2016/17 at end of April are 95.64%, and at end of May they are 95.85%, up 0.30% on previous year at this time. Collections on the 2014/15 year continue to be slow as previously reported because of the change in sheriff officers that year.

Collections of non-domestic rates for 2016/17 are 29.67% at end of May, up 0.18% on last year. Collections on 2015/16 year are now at 98.15%, up by 0.49% on the previous year at this time.

There have been no issues in non-domestic rates following the substantial legislative changes which came in from April. We ended all renewables relief previously granted at 31st March and have received just five applications for the new relief which is restricted to new properties or those with some element of community ownership. A lot of businesses have lost their small business bonus scheme relief as they did not return their review forms. The new bills are now prompting many of these to seek this relief again. The Scottish Government issued a new finance circular on 31st May with comprehensive updated information on rates reliefs and it is helpful to have this should customers require further information in addition to the summaries on the council website.

In the annual Better Connected awards at end of May, the council won the award for the best UK website for the council tax task. This is very pleasing and reflects the efforts last year to make this much easier to follow.

18.2 Scottish Welfare Fund - Programme funding for 2016/17 is £399,763 – an increase of £27,003. We also have a carried forward underspend of £24,313 so the total funding available is £424,076 - £35,340 per month. Since the start of April we have been supporting both medium and high priority cases and we hope to continue with this level of support for the remainder of the year. During April and May we have paid out and committed £62,684 – 89% of the profiled amount including brought forward underspend. Fourteen applications are currently being processed and a further 11 were part paid at the end of May.

The new scheme from 1st April 2016 has been implemented smoothly along with the operational changes agreed by the Policy and Resources Committee. We are meeting the new processing deadline requirements. Payments were made by BACS until the new Allpay payment cards were fully available. As yet we have not had any second tier reviews referred to the Scottish Public Services Ombudsman.

18.3 Discretionary Housing Payments (DHPs) - Initial funding allocations for 2016/17 total £461,901 and we have a carry forward from last year of £35,730 giving total funds available of £497,631. This carry forward was approved by the Policy and Resources Committee on 17th March but this decision is still to be ratified by council. These funds will be supplemented by the final top up funding from the 20% hold back which is due imminently. In 2015/16 our final spend was £539,981. Spend in 2016/17 will be affected by the new benefit cap as many of the people affected are likely to apply for DHP in order to mitigate the impact.

£257,257 has now been either paid out or committed as at the end of May with awards made to 414 cases. There are 48 cases still awaiting processing as they require further information and a further 390 under occupation cases still to be reviewed and continuation awarded. This year we have not required those affected by under occupation in the social rented sector to submit a new award. However, internally, we still need to review these cases to ensure they still meet the requirements for DHP to be awarded and we are about half way through this process. Of the spend to date, nearly all (95% by value) has been for under-occupancy cases. We are supporting medium and high priority cases for all non-bedroom tax cases. We continue to support all bedroom tax cases irrespective of hardship.

- 18.4 Benefits processing** - New claims processing year to date to end of April has taken on average 16.04 days which is best ever and well our target of 23 days. Changes in circumstances in the year to date to end of April have taken on average 4.04 days which again is our best ever, well below our target of eight days. In April we achieved 100% accuracy for the month which should stand us in good stead for meeting our target this year. Statistics for May are not yet available.

As previously reported the Fraud and Error Reduction Incentive Scheme (FERIS) is being extended. Our baselines have remained the same, but incentive payments will be made for any increase of above 4.5% above baseline (previously you had to reach 10% above to get a payment). We had been hopeful of achieving an incentive payment for quarter 4, but did not in fact achieve this. We were using a new DWP spreadsheet incorrectly which overstated our estimates for February and March. This has now been corrected.

- 18.5 Benefit Cap** - We have received a copy of the initial scan from DWP in respect of the reduced benefit cap which will be introduced in the autumn. There are 71 cases but a number of these should be exempted as they are specified accommodation. We have notified the relevant social sector landlords of their potential cases and our own housing staff will deal with private sector cases. DWP have asked that no contact be made with any of the people likely to be affected until after 10th June so they can do the initial contact first. The intention is to work with the tenants and remove as many as possible from the benefit cap before it comes in. The Welfare Reform Working Group is keeping oversight of the benefit cap cases and will keep this under close review.

- 18.6 Pathfinder North migration to SWAN** - Capita continues to advise that they expect to complete transition of all our sites by October. We now have 12 circuits live out of 133 total number of sites. We are still awaiting connection for the data centre which will enable education/library sites to go live. Across the partnership 52 sites were completed in May and 80 are forecast for June.

Capita have agreed in principle to restrict the delay notice served on Pathfinder North to Highland Council fibre sites only and the milestone payments are being re-assessed to give effect to this. This is still being negotiated. Vodafone have been asked to price sites deemed to be at risk of not going live by 20 September and 18 of our sites are included in this. Prices for this are expected to be provided mid July and could be significantly higher than current circuit costs due to the need to keep backhaul going for just a few circuits. Across the partnership delay

payments are capped at £225,000 (excluding any potential settlement for damages), so councils need to plan for additional costs. We have included some contingency, but it may be prudent to consider earmarking up to £100,000 from end of year underspend to ensure that sufficient budget is available. As the implementation timeframe is being squeezed, we need additional desktop and comms resource during the summer to assist with our consequent requirement to change IP addressing, and summer students are being requested for this project. These costs have already been provided for in the cost pressure approved.

- 18.7 Customer Service Centre (CSC)** - The percentage of calls to CSC being abandoned for the month of April was 13.6% - well above our target rate of 7.5%. This was affected by the introduction of the new Customer Relationship Management (CRM) system and staff members taking a little time to get used to it. The average answered call time for April was 3.72 minutes – a considerable increase from the previous quarter’s average of 2.58 minutes. More is being done within the call than previously so there is a reduction in average time, but we are looking for this to decrease with greater experience with the new system.

The percentage of voice automation calls successfully transferred has increased to 79.4% - well above the 75% target, and the new upgraded Netcall system is proving highly satisfactory.

As previously reported, we had to split the go live times of the new systems with the telephony being upgraded on 22 March and the customer management software go live on 30 March. This proved a good approach. We have now completed an end of project assessment for this first phase of the new systems and are now planning the next phase which is focussed on taking more advantage of the new functionality in the new systems.

The Assisted Digital Strategy has been approved by SMT. The Digital Action Plan has been completed and passed to the Customer Service Board for consideration.

- 18.8 Procurement** - Our new Chief Executive has recently become a member of the Chief Executive Officers Management Group for Scotland Excel. This will allow us to have more influence on what commodities they concentrate on and make sure that their valuable work meets our requirements. He is also involved in the procurement related shared services discussion for the Northern Hub with the other northern chief executives, and we will continue to monitor this closely and ensure that appropriate collaborative opportunities are pursued.

**19. ARGYLL AND BUTE COMMUNITY PLANNING PARTNERSHIP
MANAGEMENT COMMITTEE, 9th June 2016**

19.1 The Argyll and Bute CPP Management Committee met in Kilmory on Thursday 9th June. We had an extensive agenda, so I will not include all detail here, but again all reports and briefings are provided within the Leader's Report pack.

Agenda items were:

- Health and social care – the way ahead and links to community planning
- Argyll and Bute's Children
- National and local community planning matters
- Police Scotland proposal for youth engagement officers in designated secondary schools
- SOA Delivery Plan review
- Loneliness awareness campaign 'Reach Out'

20. CONCLUSION

20.1 This report highlights some of the main activities I have undertaken in my role as Leader of the council during the April to June 2016 period. I hope that this update is helpful for members and will be happy to provide more information wherever possible. The full Leader's report pack can be viewed in the Leader's office at any time.

**Councillor Dick Walsh
Leader, Argyll and Bute Council
Policy Lead Councillor for Strategic Finance, IT, HR and Governance and Law
20th June 2016**

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

REPORT BY THE POLICY LEAD FOR ROADS, INFRASTRUCTURE, AMENITY SERVICES AND SPECIAL PROJECTS

1. INTRODUCTION

This report provides an update to the main focus of work since my last report in November 2015

2. RECOMMENDATION

It is recommended that members note the contents of this paper.

3. DETAIL**3.1 Meetings and Events****3.1.1 Meeting with Marco Biagi, Minister for Local Government. Helensburgh, 1st March.**

Councillor Walsh, Leader, has already reported on our meeting with Marco Biagi, Minister for Local Government, in his April Leaders Report. I would just like to add that I too found this meeting to be very positive and would like to thank him for the time he took to speak with us and listen to what we had to say about Argyll and Bute's unique geography and circumstances.

3.1.2 Roads Collaboration Meeting, Inverness, 3rd March.**3.1.2.1** The above meeting in Inverness with Roads Officers was very positive. Perhaps the most notable outcome from the meeting was an agreement that there should be increased collaboration where there was the potential to drive up efficiencies and reduce costs. One example of such an opportunity was that Moray Council have spent millions on a new dredger (for harbours etc) and this could be made available to us and to other council areas, in a mutually beneficial way.

We continue to explore all the possibilities of this partnership and a further meeting is planned. We are using every opportunity to work collaboratively with other Councils where there is potential for mutual benefit.

3.1.2.2 Another potential opportunity discussed at the meeting was that of the Designated Person for Harbour Authorities. This person cannot be an officer from the same council, as they have to be independent. However, it was agreed that there was scope for a collaborative approach by designating an officer from a different council area and swapping officers between council areas.**3.1.2.3** Opportunities for Northern collaboration were also identified in relation to joint training ventures. The potential for this shall be explored further, in the interests

of cost saving and any other networking opportunities which may arise.

I attended a further meeting on the 14th June, which confirmed that good progress was being made. A report will be brought to the council, in due course, in order to decide whether or not to join one of the partnerships which is currently being discussed.

3.1.3 Convention of the Highlands and Islands, Western Isles, 7th March 2016.

3.1.3.1 I attended the above meeting with Pippa Milne, Executive Director for Development and Infrastructure Services.

The meeting was chaired, as usual, by John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy.

The main agenda items were as follow:-

- Digital Connectivity – Update and key actions from CoHI in October 2015
- Collaborative support for the delivery of UHI vision
- Fuel Poverty
- EU Funds - Post 2020

3.1.3.2 Fergus Ewing, Minister for Business, Energy and Tourism

As part of the Digital Connectivity discussion at the Convention, I took the opportunity to speak with Fergus Ewing, Minister for Business, Energy and Tourism, in relation to some of the issues we are facing in Argyll and Bute. In particular, I explained the issues faced on Coll and Tiree. I was pleased that he agreed to come and visit Argyll. Dates are currently being sought for this meeting and an agenda is being drawn up. I hope to be able to report further progress with this at the Council Meeting.

3.1.3.3 Clive Mulholland, UHI Principal and Vice-Chancellor

Clive Mulholland, UHI Principal and Vice-Chancellor, spoke about rationalising UHI to make it more economical. Argyll and Bute has concerns in relation to how UHI courses support the Argyll and Bute local economy and discussions are on-going in relation to Oban as a University Town. There had been further discussion with John Swinney who explained that rationalisation did not have to mean centralisation. There would be benefit in further communication with Clive Mulholland, as rationalisation options are being considered, to ensure that the needs of the Argyll and Bute economy are given consideration as part of these deliberations.

3.1.3.4 Networking

Unfortunately, a meeting which had been scheduled with Derek MacKay did not take place, however, I made the most of a good networking opportunity. We used the time to hold a meeting with North Ayrshire and Highland Councils where assurances were given that other councils with Islands would be included in any considerations which were being given in relation to the Three Island Councils.

3.1.4 COSLA Convention, 11th March

I too attended the COSLA Convention on 11th March, which was reported by Councillor Walsh in his Leaders Report. I can confirm that, although many of these items are taken in private session, that the meetings provide an excellent opportunity to network, share ideas and work collaboratively to assist with the shaping of policies and identification of partnership working opportunities.

3.1.5 Attendance at Area Committee and Business Days

I attended the Oban, Lorn and the Isles Area Committee recently, where I was pleased to see good progress being made with the development of the North Pier Maritime Reception Centre and transit berthing facility. This exciting project promises to add great value to the local economy of Oban and wider Lorn area, by providing up to date marine infrastructure to cater for transiting yachts, kayaks, commercial boats, day trip boats and cruise passengers. It is hoped that this facility, which is of strategic importance, will help stimulate further investment in communities such as Tobermory. During my visit to Oban I also had the opportunity to see the public realm works that are making great progress in Oban Town Centre, as reported below.

I also attended a Bute and Cowal Business Meeting to discuss and agree priorities in relation to a number of Capital Projects including the Queens Hall in Dunoon, a CHORD project that is currently at the tender stage and also the Pavilion project, which I have reported in more detail below.

3.1.6 Drumhead Service; Battle of Jutland. Helensburgh, 14th May.

I attended the above commemoration event to mark the 100th anniversary of the Battle of Jutland which is credited with changing the outcome of the First World War. Again, I would like to thank all the council staff, members and, of course, the British Legion, for making the event such a huge success.

3.2 Up-date on Special Projects, Including CHORD, by Area.

3.2.1 Campbeltown

The Campbeltown CHORD projects have been delivered under budget, the amount of surplus remaining is £197,625. At the MAKI AC on 6 April 2016, £15k was allocated for a street sweeper machine, the request for this was approved by the Council.

3.2.1.1 Campbeltown Town Hall

It was good to see the completion of the former Campbeltown Town Hall in May. This tremendous community led project, with assistance from both the Council and HIE, has restored to its former glory a magnificent listed building in the centre of Campbeltown's historic town centre. Equipped to modern standards, the restored building can offer a range of facilities, including a fully equipped function room that can accommodate conferences and functions such as weddings; which it has already done to great success.

3.2.1.2 50 Main Street

Another great project that has now been completed in Campbeltown is "50 Main Street"; the last of the THI priority projects to be delivered. This listed

tenement was in a very poor condition prior to its restoration and indeed it was very close to demolition. Now opened on the 17th of June and fully restored to form four one person flats and two commercial properties for rent.

Importantly, both the former Town Hall and 50 Main Street were restored by local building firms helping to sustain these businesses and improve their building skills for future work.

3.2.1.3 Campbeltown Berthing Facility Up-date

Campbeltown Berthing Facility continues from strength to strength with over 800 boats using the facility in less than a full season and with over 2,700 people taking advantage of the new facility, helping to boost the local economy and create an important stepping stone for yachts to access other parts of Argyll and Bute.

The council will continue to work with the operator to market and promote this facility and encourage greater use. The facility also hosts a number of other commercial operators including the Kintyre Express that connects Campbeltown to Ballycastle and Port Ellen on Islay by fast passenger RIB.

3.2.2 Helensburgh

3.2.2.1 Helensburgh CHORD

The Helensburgh CHORD project has been delivered under budget. The amount of surplus funds remaining is £653,119. To date, this project has been nominated for six prestigious national awards. At the Scottish Design Awards, which rewards top architecture firms and design agencies for their contribution to the country's historic and contemporary design culture, I was absolutely delighted when it was announced that we had won the category for Public Realm/Landscaping.

I have listed below all the awards that the CHORD project in Helensburgh has been shortlisted for:

- 2016 Scottish Design Awards – Public Realm/Landscaping
- 2016 RIAS Awards – won on 16th June – see further information below
- 2016 RICS Awards - Regeneration
- 2016 Civic Trust Awards -
- 2016 Scottish Property Awards – Town Centre Regeneration Project of the Year
- 2015 FX International Design Awards – Museum/Exhibition Space

It is clearly evident from activity in the enhanced Colquhoun Square and Esplanade, especially in good weather, that the local community, businesses and visitors have embraced the improvements to the town. In terms of businesses, this is seen by the increased café culture and take-up of the Shopfronts Grants, with just under 17 businesses enhancing their shopfronts in the first round with, approximately, a further twenty five applications received for round two.

3.2.2.2 Helensburgh Town Centre – Public Realm RIAS Award

I am delighted to report that I attended this high profile awards ceremony at the Hilton Hotel, Glasgow, on Wednesday 16th June, when Helensburgh's Revitalised Town Centre Public Realm, designed by Austin-Smith:Lord (on behalf of Argyll and Bute Council) won a prestigious Royal Incorporation of Architects in Scotland (RIAS) award. A full news report was posted on 17th June and is available on Argyll and Bute Council's website. As a result of this success, Helensburgh Town Centre will now be part of the short-list for the RIAS Doolan Award for Architecture.

3.2.2.3 Helensburgh Waterfront Development

Over the last few months the design team and cost consultants, along with the Regeneration Project and Programme Managers, have been reviewing the design specification for the new swimming pool and leisure facility in consultation with officers in Leisure Services. They have also been reviewing the options for the flood defence works and pier head improvements. A position paper was presented at the Helensburgh and Lomond Area Committee on 14th June. The decision was made to support officers' recommendations to move forward with appointing a design team to progress the PID. The council issued a full press release on 15th June to announce that this "ambitious multi-million pound waterfront development scheme" was now gathering momentum following the above decision. I am absolutely delighted that we are now in a position to drive this project forward. I feel that it will really improve the town and I look forward to updating members further, as this project progresses.

3.2.2.4 The Hermitage Park Project, Helensburgh

The Hermitage Park project, an excellent example of partnership working with the community, funding partners and the council, has now secured all the necessary funding to proceed to tender stage, following agreement by the HLF to allow the project to start. Following my last report, funding has been secured from the Heritage Lottery Fund of £2.3million, £253k from the MoD Covenant fund and most recently Sustrans with an additional £250k to allow the park to become an important cycle hub for Helensburgh, subject to final design approval.

Melissa Simpson has now been appointed as the project manager for the project as it enters the tender stage and on to implementation.

3.2.2.5 Helensburgh and Lomond Civic Centre Opening, 1st March.

Councillor Walsh, Leader, also reported on the above event in his April Leaders Report. However, I would like to add my comments to his, that I too was delighted and rather proud to join with other local members for the official opening of this fabulous new facility. I realise what a large investment the building was for the Council but I feel that the people of Helensburgh and our hard working staff deserve this state of the art, all-encompassing facility, which I know will be of huge benefit to the area, as part of the regeneration work which has been transformational in Helensburgh.

I would like to thank Gordon Reid, the Helensburgh tennis player, former minister Marco Biagi (also a Helensburgh lad) and our Provost, Len Scoullar,

for the parts they played in the opening ceremony. I am also grateful to all the council officers and members who attended the event, making it such a special day.

3.2.3 Oban

3.2.3.1 Transit Berthing Facility

A location has now been agreed for this on the North side of North Pier and it is hoped that pontoons for visiting boats could be in place by 2017.

Some really positive discussions took place between Oban Bay Marine and the council over the summer. A deliverable scheme to provide a permanent transit berthing facility, in a technically suitable location, in a financially viable manner, was the result of these talks. The council now has sights set on gathering all the information needed to produce detailed designs for a long term facility which will bring economic benefits to our area. Once a Full Business Case has been considered by members, the council will then work on securing a suitable contractor to carry out these important works.

I am delighted that, again, through a commitment to working in partnership, a solution has been found which is deliverable.

A report was taken to the June OLI Area Committee to seek support for development funding to take the project forward to tender stage. Members have agreed, in principle, to go forward to detail design stage. A further paper will now be submitted to P&R, in August for approval. It is anticipated the FBC will subsequently be presented to OLI AC and then to P&R for approval to tender the works. It is intended that the works will start on site early 2017 and be completed for the summer.

3.2.3.2 Maritime Visitor Facility

Following a review of the previously approved design to take account of objections from an adjacent business, OLI members were presented with design options at the April 2016 Area Committee which focused primarily on the function of the building and its relationship with surrounding uses. Members agreed to proceed with the option containing three commercial spaces. The revised design has been shared with adjacent businesses and planning approval for the revised design is currently underway. The Full Business Case is due to be presented to the OLI AC in September 2016 and P&R in October 2016 for approval, following which, the works will be tendered in November and completed in the summer of 2017.

3.2.3.3 Public Realm George St – Station Square (Ph2)

Work is continuing to progress well with Oban phase 2, with updates to a wide range of stakeholders being presented every week. The quality of the work to date has been outstanding and once finished, will make a hugely positive contribution to the attractiveness of the town. The biggest challenge facing contractors now is how busy Oban is getting with tourists taking advantage of the cheaper fares on offer to visit Mull, Barra, Iona and Lismore, the five trains a day to Oban from Glasgow, superb events to attend and the many things to

see and do in Oban and wider Lorn area. The great weather we have enjoyed over a sustained period has also helped deliver an excellent start to the tourist season.

Both the phase 1 and phase 2 works continue to be well received and are expected to be delivered on time (summer) and within budget.

3.2.4 Rothesay

3.2.4.1 Rothesay Pavilion

Following the closure of the Pavilion at the end of September 2015, various surveys were undertaken which prompted the decision to let an enabling works contract on the 18th April 2016; contract value £488,908. This commission, to a local firm, to undertake stabilisation and investigation works to the fabric of the pavilion, has involved the removal of all the internal ceilings exposing the reinforced concrete structural frame, which unfortunately is in a worse condition than was anticipated. The architect and structural engineer are working closely with the specialist concrete sub-contractor to establish options for repair. This is not an unusual situation with buildings of this age and type. A report is to be forward to the Council for consideration.

In terms of the main works, the intention is to tender these in August with a tender return in October 2016. This will allow an application for additional funds to HLF in November which will be assessed by their Board in January 17. It is anticipated that works will start on site in April 2017 and completed in July 2018.

Meanwhile, fund raising for the Pavilion continues, with Officers of the Council and members of the Trust looking at funding opportunities to add to the project and the external funding that has already been attracted. As part of this effort, the Rothesay Pavilion Charity continue to submit grant applications and, since January 2016, they have raised circa £90k. They are also currently pulling together an activities programme to engage with local people on their heritage.

3.2.5 Dunoon

3.2.5.1 Dunoon Queens Hall

Since the building was closed, various surveys have been undertaken, resulting in two contracts being let. Enabling works started on site on the 30 May, for approximately three weeks, followed by asbestos removal works, which will start on site on the 27 June, for 8 weeks.

The tenders for the main works are currently being evaluated. A report will come to Bute & Cowal AC and P&R in August, followed by Council in September. The contract is expected to be awarded in October, with works being completed around March 2018.

3.2.5.2 Dunoon Wooden Pier

Work has successfully been completed on phases 1a and 1b of the Dunoon Wooden Pier, again, on time and within the available budget. We are now

actively considering how we can best take forward the second phase of this project.

3.2.5.3 Regeneration Up-dates

Further information is available on many of the above developments in the Major Capital Regeneration Update Report presented to Policy & Resources Committee on the 17 March 2016. A further update report will be presented to P&R on the 18 August 2016.

3.3 Roads and Amenity Services

Roads and Amenity Services are currently busy considering how best to implement the budget decisions around the best possible delivery of services. A lot of my time has been spent working with Amenity Services officers to ensure a smooth roll out of new schedules. At the same time, work continues on a number of projects and I have reported on some of these below.

3.3.1 Furnace Coastal Protection

Roads and Amenity's design team have designed, tendered and supervised the delivery of coastal protection works at Furnace, Mid Argyll. The works are part of a collaborative approach the council has taken forward with Scottish Water who have part funded the works. The council's involvement has been as both land owner and coastal protection authority. The coastal protection works were completed ahead of time, to specification and to budget and provide protection to council owned land as well as garden ground to several properties.

3.3.2 Roads Capital Programme

The Roads Capital Programme is well underway for this current financial year with a mixed economy delivery model, utilising our in house surfacing squads, who carry out fantastic work, a national surface dressing contractor and a number of SMEs. Over the last 5 years capital investment of over £35M has seen an arrest in the deterioration of the Road Condition Index (RCI) which is now on an improving trajectory.

3.3.3 Members Seminar

The roads team and Transport Scotland gave a broad range of informative presentations at the Members Seminar held in the Council Chamber on 6 June. The presentations gave clear and concise information detailing how road condition surveys are carried out, how the survey information is used to draw up scheme lists, types of surface treatments used and a comparison of the surface areas that can be achieved from the various different treatments available. Transport Scotland spoke about recent and proposed works on the Rest and be Thankful as well as their wider programme of works. The seminar was well attended and members took the opportunity of asking a number of questions.

3.3.4 Parking Reviews

I have been involved in discussion in relation to the progress of parking reviews, which are well under way. I have summarised this progress below:-

MAKI

- Public engagement complete
- Briefing note circulated to MAKI Councillors
- Detailed analysis underway to complete full recommendations
- Final proposals to MAKI Area Committee for approval

OLI

- Recommendations presented to OLI Business Day
- Councillors have requested more information about the proposals in other areas – to be circulated via briefing note
- Meeting with Councillors McCuish and Robertson to take place shortly to agree next steps.

H&L

Helensburgh RPZ

- Traffic Order Public Consultation completed 27th May
- We have received 14 objections
- Objections acknowledged and being assessed
- Final Proposals will go to H&L area committee for approval

Luss RPZ

- Public engagement complete
- Now in consultation phase, plans being finalised
- Proposal to introduce on street charges and Restricted Parking Zone in village.

B&C

- Proposals discussed and agreed by Councillors at a workshop on 3rd May
- Consultation leaflet to be modified to reflect changes, final proposals to go to B&C area committee for approval.

3.3.5 The Service Choices 3 Weekly Refuse Collection

I have been involved in discussions in relation to the above. A paper has been prepared for the Council with a recommendation that members endorse the Operational Service Procedure appended to it.

3.3.6 The Energy Efficient Lighting Scheme

To enable an interest free loan from SALIX to be utilised (the loan has a requirement that phase one of the Lantern Change is completed by September) the lighting design for Helensburgh has been completed and lanterns procured through a framework contract. Phase one of the lighting replacement will be delivered with in house resource. Design work is also ongoing across other areas in Argyll and Bute which will be followed by lantern replacement phased over the next 18 to 24 months.

3.3.7 Cardross Cremator

The existing equipment is being replaced with a new unit which meets the Mercury Abatement Requirements. The new unit is replacing an old obsolete

unit which was decommissioned some while ago. The current unit is being left in situ to provide back up and resilience alongside the new unit.

3.3.8 **Roads Inspection Manual**

The Roads Inspection Manual was launched in April this year. This collaborative piece of work between eleven West Coast Scottish local authorities provides a consistent approach to statutory road safety inspections, ensuring the road network is maintained to a safe and consistent standard and a robust defence mechanism is in place to defend any third party claims through the court system.

3.4 **Regulatory Services**

3.4.1 **Safe and Successful Events**

The Council continues to support “**safe and successful events**”. Multi-agency Event Safety Groups have been, or are in place for significant events (Tiree Music Festival, Hinterland, ObanLive, Mull Rally; ButeFest, Mach 1, etc). These arrangements are working well, and we have been able to manage risks to the Council.

The Project Team is working to deliver its agreed remit (papers are available via this [link](#)) and they are working hard to resolve specific issues and difficulties which have arisen.

Key Objectives -

- To establish a system for managing events that is consistent with the needs of national partner agencies (i.e. Safety Advisory Groups).
- To ensure that Council Services have an integrated approach to event safety, and we are aware of their collective roles and responsibilities, and consistent systems in place in respect of event safety group.
- To support and provide guidance to event organisers, who may wish to organise events, including a self-help guide for small events, which may not require significant local authority input.
- To have a consistent approach across all administrative areas of the Council including fees and charges, licensing.
- To develop a one-stop shop approach to booking Council facilities

4.0 **CONCLUSION**

This year is turning out to be very exciting in terms of the developments on the ground in Argyll and Bute, as we change the face of our towns to be more interesting and accommodating places to spend time; for local residents and Businesses alike. This and some of the other special projects will increase confidence in the area, attracting people and businesses here to live and work. I

am looking forward to seeing many projects taking shape and being completed as we head towards 2017.

Councillor Name: Councillor Ellen Morton
Policy Lead for: Roads, Infrastructure, Amenity Services and Special Projects
Date: 21st June 2016

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ARGYLL AND BUTE COUNCIL**COUNCIL****POLICY LEAD REPORT****30th June 2016**

REPORT BY THE POLICY LEAD FOR HEALTH AND SOCIAL CARE INTEGRATION

1.0 INTRODUCTION

1.1 As the Policy Lead of Health and Social Care it has been an incredible, exciting and busy time. The integration of health and social work brings opportunity to reshape how we deliver services in our communities. There are many challenges facing Partnerships across Scotland at this time, as the Integration Joint Boards get to grapple with delivering improved outcomes for children, young people, adults and older people.

1.2 I would like to pay tribute to the work of Councillor Mary Jean Devon, both as the previous Policy Lead for Health and Social Care Integration and for her continued commitment to health and social care matters. I would also like to thank her for her continued support to me in this new role.

2.0 RECOMMENDATIONS

2.1 It is recommended that members note the content of the report.

3.0 DETAIL - IJB**3.1 Integration Joint Board**

3.1.1 The Integration Joint Board (IJB) was legally constituted and met for the first time on 18th August 2015 in Oban. I am a voting member and Chair of the IJB, along with three elected member colleagues and four nominees from NHS Highland.

3.1.2 From the 1st April 2016 the Health and Social Care Partnership took full responsibility for strategic planning and operational delivery of all health and social care services in Argyll and Bute.

3.1.3 There is now a single Health and Social Care organisation with single integrated teams and a single budget. This budget covers the specialist health and care services provided outside of Argyll & Bute in NHS Greater Glasgow and Clyde. The budget is approximately £250 million and there are around 3000 members of staff.

3.1.4 The Health and Social Care Partnership are committed to working with the Voluntary sector, the Independent sector and communities in the planning and delivery of services. Representatives from these sectors are part of the Integration Joint Board.

3.1.5 The Partnership has now published a 3 year Strategic Plan 2016 - 2019 as the road map for the changes to services that are necessary to make them fit for the future. The six areas of key focus are highlighted in the plan are as follows:

1. Reduce the number of avoidable emergency admissions to hospital and minimise the time that people are delayed in hospital
2. Support people to live fulfilling lives in their own homes , for as long as possible
3. Support unpaid carers, to reduce the impact of their caring role on their own health and wellbeing
4. Institute a continuous quality improvement management process across the functions delegated to the partnership
5. Support staff to continuously improve the information, support and care that they deliver
6. Efficiency and effectively manage all resources to deliver best value

3.2 Finance Update

3.2.1 The Partnership are facing a period of significant financial challenge with the level of cost and demand pressures for services exceeding the available funding. The Board agreed a Quality and Financial Plan for 2016-17 to produce a balanced budget at the meeting in March 2016. Following this and further due diligence on the partner offers of funding there is a requirement to identify further savings to address the estimated funding gap.

3.2.2 The updated Quality and Financial Plan was noted by the Board at the May meeting and will be put to the June meeting of the Board for formal approval. This includes the requirement to deliver additional savings of £1.580m from social care services.

3.2.3 The overall estimated budget gap for the Partnership across the three years of the Strategic Plan is a total of £20.7m, the profile of the budget gap is 2016-17 £8.5m, 2017-18 £6.6m and 2018-19 £5.6m.

3.2.4 There are concerns by the Integration Joint Board about the deliverability of the scale of savings required in the first year of integration and a robust financial monitoring process is being developed to ensure that this position is closely monitored and reported.

4.0 DETAIL - ADULT SERVICES

4.1 Argyll and Bute Adult Protection Committee

- 4.1.1 The Adult Protection Committee continues to make progress on the national priorities set by the Scottish Government. Considerable work was done last year on adult support and protection issues in relation to care homes and on improving our data capture in order to fulfil the requirements of the national dataset. In addition, the Committee held a conference in November 2015 focussing on financial harm. This was to raise the profile of this type of harm and the seriousness of the issues involved, as well as starting to develop multi-agency ways to prevent such harm or detect it at the earliest possible opportunity, so that our most vulnerable citizens may be protected.
- 4.1.2 The Independent Chair of the Adult Protection Committee Mr Bill Brackenridge steps down from his position at the end of August 2016. The partnership would like to acknowledge the tremendous work he has undertaken for many years in this role. Bill has really been the driving force in relation to adult protection in Argyll and Bute and he will be a hard act to follow.
- 4.1.3 The recruitment process in relation to locality managers and local area managers has now been completed in Adult Services covering the East and West localities. Our managers are now working with staff to ensure we improve our joint working across staff groups and concentrate our resources and activities to improving outcomes.

4.2 Joint Inspection of Older Peoples Services

- 4.2.1 Following on from the Joint Older People's Service Inspection, which took place last year, the IJB have recently considered papers regarding changes to the commissioning of home care services, to ensure an increased focus on outcomes, increased flexibility and a more streamlined process by allocating work within blocks of hours. Care at home is a very dynamic service and a high number of homecare assessments are based on changing needs and emergency daily planning. This model reflects this and the service has worked with the providers and health professionals to prioritise those with the highest needs and base the order of the visits around this.
- 4.2.2 At a future meeting the IJB will consider a paper on the current quality of care home services that recently transferred to the Health and Social Care Partnership and the requirement for any targeted improvement work to be undertaken.
- 4.2.3 As a newly established Partnership, we have embraced the spirit of partnership working and open communication in various ways; an updated performance report/score card will be presented to the PRS committee on a quarterly basis to ensure transparency of information. Locality Managers have been asked to attend Area Committees to provide an update to ensure elected members are kept abreast of local redesign being undertaken under the direction and governance of the IJB. The purpose of these updates is information sharing and partnership working, while the scrutiny role is undertaken by the IJB, as delegated by the Council.

5.0 DETAIL - CHILDREN AND FAMILIES AND CRIMINAL JUSTICE PARTNERSHIP

5.1 Criminal Justice Partnership

- 5.1.1 Argyll and Bute Criminal Justice Service is delivered in partnership with West and East Dunbartonshire. The partnership has been focusing on the dissolving of Criminal Justice Authority and the move to Community Planning Partnership being accountable for Criminal Justice.
- 5.1.2 The findings from the National thematic review of multi-agency partnerships arrangements for Sexual Offenders (MAPPA) demonstrated positive partnership arrangements to manage sex offenders in the community. These arrangements have been extended to include serious violent offenders.
- 5.1.3 Argyll and Bute Criminal Justice Service is currently redesigning the service to meet the expected reduction in resource in 2017/18.

5.2 Child Protection Committee

- 5.2.1 Argyll and Bute Child Protection Committee continues to make good progress against national and local priorities set out in Child Protection Business Plan. Considerable work was completed last year to support practitioners to improve identification and assessment.
- 5.2.2 The independent chair of the CPC, Moira McKinnon continues to provide the expertise and appropriate support/challenge to the partnership. In February, the Minister announced a national programme to improve child protection in Scotland.
- 5.2.3 Locality Managers – Children and Families training has now been completed and they are responsible for Health and Social Work Children Services in their locality. Our managers are now working with staff to ensure we improve our joint working across the staff group and concentrate on improving the lives of children and young people across Argyll and Bute.

5.3 Corporate Parenting Board

- 5.3.1 The Corporate Parenting Board has focused on improving outcomes for looked after children across Argyll and Bute. The Board oversees all outcomes for Looked After Children in Argyll. The three Children's Houses have achieved 'very good' grades across all quality indicators, with some inspiring presentations from staff and young people to the Board. The Foster and Adoption service has demonstrated improvement within inspection with a mixture of good and very good grades.
- 5.3.2 Finding 'forever families' for children who are no longer able to live with parents is being monitored by the Board and this area has made improvements throughout this year.
- 5.3.3 Recently Argyll and Bute Council were successful in its application to Life Chances Trust and obtained funding of £212,000 across the next 3 years to support young people's participation.

6.0 CONCLUSION

- 6.1 The integration of Health and Social Care brings a unique opportunity to change the shape of the service now and in the future. By working with our communities and staff, we can improve outcomes for people. Integration is not without its challenges, it requires our support to ensure we protect the most vulnerable and improve the health and well-being of our population.
- 6.2 Communication and engagement will be key in developing and delivering services matched to local need. Just as services will be shaped at locality level, so too will communication and engagement be driven by and in localities. Many different people will have a role to play in making communication and engagement effective, such as the locality planning groups, health forums, council and NHS employees and the IJB.

A communication and engagement strategy is being developed that will set out roles and responsibilities and will provide a toolkit for localities to draw upon in their communication and engagement work. This strategy is to be considered by the IJB on 22nd June.

Councillor Maurice Corry

Policy Lead for Health and Social Care Integration, June 2016.

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ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****30 JUNE 2016**

2015-16 UNAUDITED ANNUAL ACCOUNTS

1. EXECUTIVE SUMMARY

- 1.1 This covering report gives an overview of the Unaudited Annual Accounts for 2015-16 and a summary of the significant movements from 2014-15. It also gives information on the revenue outturn for 2015-16 and asks members to approve the unaudited financial statements for 2015-16 for issue. There is a more comprehensive report on the revenue outturn elsewhere on this agenda.
- 1.2 The balance on the General Fund has increased by £6.122m from £46.067m as at 31 March 2015 to £52.189m as at 31 March 2016. There are substantial sums earmarked within the General Fund amounting to £43.272m. The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget for 2016-17 and this amounts to £4.743m. The unallocated General Fund balance **after** the 2% contingency amounts to £4.174m.
- 1.3 The balance of usable reserves has increased by £6.409m from £50.478m as at 31 March 2015 to £56.887m as at 31 March 2016. This is mainly as a result of the increase to the General Fund Balance of £6.122m in addition to an increase in the Capital Fund.
- 1.4 The balance of unusable reserves has increased by £35.725m from £110.479m as at 31 March 2015 to £146.204m as at 31 March 2016. The main reasons for this increase relates to the reduction in the pension fund reserve which matches the pensions liability, offset by the downward revaluation of the schools as noted above (under Long Term Assets) which is charged to the capital adjustment account.
- 1.5 The Comprehensive Income and Expenditure statement shows a deficit on the provision of services of £19.653m, a surplus on the revaluation of Long Term Assets of £0.578m and an actuarial gain on the pension fund assets/liability of £61.209m giving an accounting surplus of £42.134m. This does not represent an increase in available resources for the Council to spend.
- 1.6 The Balance Sheet shows that the net worth of the Council has increased to £203.091m compared to a net worth at 31 March 2015 of £160.957m. The main reason for this increase relates to the reduction in the pension liability as a result of an increase in the net discount rate over the period. An increase in the net discount rate will decrease the assessed value of liabilities as a lower value is placed on benefits paid in the future.
- 1.7 The performance against budget for financial year 2015-16 was an overall

underspend of £1.384m (0.55%). There was a net overspend of £0.074m in relation to departmental expenditure and a net underspend of £0.975m in relation to other central/non-departmental costs. The remainder of the underspend of £0.483m is in relation to funding and the over-recovery of Council Tax income. Included within the overall underspend are a number of one-off budget underspends which are unlikely to be recurring in future years.

- 1.8 Members are asked to approve the Unaudited Annual Accounts for the year ended 31 March 2016 for issue.

2015-16 UNAUDITED ANNUAL ACCOUNTS

2. INTRODUCTION

- 2.1 This covering report gives an overview of the Unaudited Annual Accounts for 2015-16 and a summary of the significant movements from 2014-15. It also gives information on the revenue outturn for 2015-16 and asks members to approve the unaudited financial statements in respect of 2015-16 for issue. There is a more comprehensive report on the revenue outturn elsewhere on this agenda.

3. RECOMMENDATIONS

- 3.1 Members approve the Unaudited Annual Accounts for the year ended 31 March 2016 for issue.

4. DETAIL**4.1 Introduction**

- 4.1.1 The Annual Accounts set out the financial statements of the Council and its group for the year ended 31 March 2016. Its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The requirements governing the format and content of local authorities' annual accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015-16 Accounts have been prepared in accordance with this Code.
- 4.1.2 There is a statutory requirement to prepare a set of Accounts and submit them to the Council and the Controller of Audit. The date set by the Scottish Government for the submission of the Unaudited Annual Accounts is 30 June each year.
- 4.1.3 It should be noted that the Accounts have still to be audited. The Audit Committee at its meeting in September will be advised by the external auditor of any material issues coming to light during the audit and any changes to the Accounts. The Audited Accounts, Audit Certificate and Auditors final report will be submitted to the November meeting of the Council. Figures are therefore subject to change.
- 4.1.4 Since 2010-11, Local Authorities have been required to prepare financial statements following International Financial Reporting Standards (IFRS). Under the Local Authority Accounts (Scotland) Regulations 2014 there is a requirement to include a Management Commentary in the Accounts. The contents of the Annual Accounts are noted below:

- Management Commentary
- Statement of Responsibilities for Annual Accounts
- Annual Governance Statement
- Remuneration Report
- Statement of Movement in Reserves
- Statement of Comprehensive Income and Expenditure
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statements
- Council Tax and Non-Domestic Rate Income Accounts
- Group Accounts

4.1.5 There are no significant changes in accounting policies in 2015-16.

4.1.6 The Council also produces a set of summary accounts for 2015-16 and these are included as a separate item on the agenda.

4.2 Management Commentary

4.2.1 The Management Commentary outlines the key messages regarding the objectives and strategy of the Council and its financial performance for the year. It also looks forward, outlining the future financial plans for the organisation and the challenges and risks which are faced in making Argyll and Bute a place where people want to live, learn, work and do business.

4.2.2 The management commentary has been re-written this year to reflect guidance and feedback from Audit Scotland. It contains the following sections:

- Introduction
- Objective and Strategy of the Council
- Performance against our Priorities
- Finance Performance 2015-16
- Key Financial Indicators
- Plans for the Future
- Conclusion
- Acknowledgements.

4.3 Statement of Responsibilities for Annual Accounts

4.3.1 The Statement of Responsibilities for the Annual Accounts outlines the Council's responsibilities and also the responsibilities of the Head of Strategic Finance.

4.4 Annual Governance Statement

4.4.1 The Governance Statement states its view on the adequacy of its governance and internal control system. It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council during 2015-16 and that there are no significant weaknesses.

4.5 Remuneration Report

4.5.1 The Remuneration Report gives details of the remuneration policy, remuneration and pension benefits of senior councillors and senior officers in addition to detail on employee exit packages.

4.6 Statement of Movement in Reserves

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

4.6.2 The total Council reserves have increased from £160.957m at 31 March 2015 to £203.091m at 31 March 2016, an increase of £42.134m. This reflects the Total Comprehensive Income and Expenditure of the Council shown in the Statement of Comprehensive Income and Expenditure.

4.6.3 The balance of unusable reserves has increased by £35.725m from £110.479m as at 31 March 2015 to £146.204m as at 31 March 2016. The main reasons for this increase relates to the reduction in the pension fund reserve which matches the pensions liability, offset by the downward revaluation of the schools as noted above (under Long Term Assets) which is charged to the capital adjustment account.

4.6.4 The balance of usable reserves has increased by £6.409m from £50.478m as at 31 March 2015 to £56.887m as at 31 March 2016. This is mainly as a result of the increase to the General Fund Balance of £6.122m in addition to an increase in the Capital Fund.

4.6.5 In respect of the General Fund Balance movement, there were £6.518m of earmarked reserves released to services and spent during 2015-16 and supplementary estimates of £0.039m drawn down for the Waverley and Hebridean Air Services. The contributions to earmarked reserves amount to £11.141m and there was a budgeted contribution of £0.154m agreed as part of the 2015-16 budget. The overall underspend on the revenue budget amounted to £1.384m which is transferred to the General Fund balance. All these factors contribute to the increase in the General Fund balance as noted below:

	£000
Balance on General Fund 31 March 2015	46,067
Released sums earmarked to service budgets 2015-16	(6,518)
Supplementary Estimates agreed during 2015-16	(39)
Contributions to earmarked reserves 2015-16	11,141
Budgeted contribution to General Fund 2015-16	154
Overall budget underspend as above	1,384
Balance on General Fund 31 March 2016	52,189

- 4.6.6 The General Fund balance at 31 March 2015 was £46.067m, of this a total of £30.193m was approved by Council to be earmarked for specific purposes. The new earmarked balance as at 31 March 2016 amounts to £43.272m and Note 5 on page 70 provides further detail of the movement. There is also a separate report on Earmarked Reserves.
- 4.6.7 The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget for 2016-17. This contingency is held to provide a working balance to help cushion the impact of uneven cash flows and cushion the impact of unexpected events. The unallocated General Fund balance after the 2% contingency amounts to £4.174m as noted below:

	£000
Balance on General Fund 31 March 2016	52,189
Earmarked Balances at 31 March 2016 (as per Earmarked Reserves report)	(43,272)
Contingency Balance increased 2.0% of net expenditure	(4,743)
Unallocated balance as at 31 March 2016	4,174

4.7 Statement of Comprehensive Income and Expenditure

- 4.7.1 The statement of comprehensive income and expenditure shows the accounting cost of providing services rather than the amount to be funded from taxation. The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2015-16 (The Code). These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2015.
- 4.7.2 The Council ended the year with a surplus of £42.134m for 2015-16, this is the accounting surplus based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure comprises of a deficit on the provision of services of £19.653m, reduced by a surplus on the revaluation of Long Term Assets of £0.578m and an actuarial gain on the pension fund assets/liability of £61.209m.
- 4.7.3 The deficit on the provision of services of £19.653m compares to a surplus of £4.581m for 2014-15. The main factors contributing to this change is an increase in the Net Cost of Services of £23.864m (10.0%) as result of the impairment of Campbeltown Grammar School, Oban High School and Kirn Primary School which are due to be replaced by new schools.
- 4.7.4 The table below, sets out a reconciliation of the Deficit/(Surplus) on the provision of services of £19.653m as noted in the Statement of Comprehensive Income and Expenditure to the revenue budgetary outturn of £1.834m (underspend).

	£m	£m
Deficit on Provision of Services		(19.653)
Add Back:		
Depreciation	10.721	

Impairments of Asset charged to Services	25.006	
Interest Expense	21.617	
Pension Adjustment	10.912	
Other	0.846	
		69.102
Less:		
Loans Charges	(20.002)	
Capital Funding	(16.922)	
		(36.924)
Surplus on Revenue		12.525
Less: Earmarkings Carried Forward		(11.141)
Revenue Budgetary Outturn Reported to Management - Surplus		1.384

4.8 Balance Sheet

- 4.8.1 The balance sheet summaries the Council's assets as at 31 March 2016 and it is accompanied by explanatory notes. The net worth of the Council has increased to £203.091m compared to a net worth at 31 March 2015 of £160.957m, an increase of £42.134m. The main reason for this increase relates to the reduction in the pension liability as a result of an increase in the net discount rate over the period. An increase in the net discount rate will decrease the assessed value of liabilities as a lower value is placed on benefits paid in the future.
- 4.8.2 The value of long term assets has decreased from £527.060m at 31 March 2015 to £506.105m at 31 March 2016, a decrease of £20.955m (4.0%). The main reason for the decrease is due to the impairment of Oban High School, Campbeltown Grammar School and Kirn Primary School to reflect the reduction in the useful life of the asset as these schools are due to be replaced by new schools.
- 4.8.3 Total Current Assets has decreased from £71.119m as at 31 March 2015 to £64.036m at 31 March 2016. The main reason for this decrease relates to the amount of cash that was held at the yearend due to external debt having been repaid and not replaced.
- 4.8.4 Total current liabilities have decreased from £72.740m as at 31 March 2015 to £55.096m as at 31 March 2016. The main reason for this reduction is due to the repayment of external debt which had a life of less than one year.
- 4.8.5 Overall, long term liabilities have decreased from £364.482m at 31 March 2015 to £311.954m at 31 March 2016. The decrease of £52.528m is primarily due to the decrease in the IAS19 valuation of the pension scheme liability from £144.738m to £94.441m (£50.297m).

4.9 Cash Flow Statement

- 4.9.1 The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. This is analysed into Operating, Investing and Financing Activities. The Cash and Cash Equivalents balance reduced by £15.906m to £7.940m. The operating activities generated cash of £11.802m this increase was partly offset by the purchase of assets under the investment activities which saw an out flow of £9.799m.
- 4.9.2 In terms of the financing activities the Council made a net repayment of external borrowing of £17.909m during the year to reduce its interest payments on the debt.

4.10 Notes to the Financial Statements

- 4.10.1 The notes section provides further information and explanation on some of the key figures included within the Accounts. The notes conform to the guidance issued by CIPFA/LASAAC within the Code of Practice on Local Authority Accounting.

4.11 Council Tax Income Account

- 4.11.1 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.
- 4.11.2 Council tax rates have been frozen at 2007-08 levels with the Band D rate being £1,178.
- 4.11.3 The income transferred to the General Fund for Council tax in 2015-16 was £43.373m. This compared to £43.371m in 2014-15.

4.12 Non Domestic Rate Income Account

- 4.12.1 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.
- 4.12.2 Non Domestic Rate Income amounted to a share of £27.840m for 2015-16 allocated from the national pool. This compares to £31.002m in 2014-15. Our own net income amounted to £31.191m and we made a contribution to the national pool of £3.351m for 2015-16. These figures compared to income of £29.802m and a contribution from the national pool of £1.200m for 2014-15.

4.13 Group Accounts

- 4.13.1 Argyll and Bute Council Group comprise the following entities:

- Argyll and Bute Council
- Dunbartonshire and Argyll and Bute Valuation Joint Board
- Strathclyde Partnership for Transport

- Strathclyde Concessionary Travel Scheme Joint Committee.

In addition, the council's Common Good Funds have been fully consolidated into the Group Accounts.

- 4.13.2 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 £7.783m. This gives an overall net asset position for the Group of £210.874m, an increase of £43.140m over the previous financial year. As with the single entity Balance Sheet, the increase is mainly due to the decrease in the Pension Liability.

4.14 Performance Against Budget

- 4.14.1 The performance against budget for financial year 2015-16 was an overall underspend of £1.384m (0.55%), after adjusting to reflect the new amounts earmarked by departments at the year end. There was a net overspend of £0.074m in relation to departmental expenditure and a net underspend of £0.975m in relation to other central/non-departmental costs. The remainder of the underspend of £0.483m is in relation to funding and the over-recovery of Council Tax income. A summary of the final outturn position is noted within the table below:

Final Outturn Variance (Un-audited)				
2015-16				
Department	Actuals	Budget	Variance	
		Adjusted for Earmarking	(Overspend) Underspend	% age
	£	£	£	
Chief Executive's Unit	2,166,866	2,169,953	3,087	0.14%
Community Services	84,255,041	84,692,627	437,586	0.52%
Customer Services	37,895,604	38,110,876	215,272	0.56%
Development and Infrastructure Services	33,220,057	33,253,215	33,159	0.10%
Integration Services	57,769,324	57,005,844	(763,480)	-1.34%
Total Dept Controllable Expenditure	215,306,892	215,232,515	(74,377)	-0.03%
Joint Boards	1,345,998	1,351,980	5,982	0.44%
Loans Charges	20,001,921	21,373,436	1,371,515	6.42%
Pension Costs	2,983,857	1,904,249	(1,079,608)	-56.69%
Other	1,924,036	2,601,450	677,414	26.04%
Total Central/Non Dept Expenditure	26,255,812	27,231,115	975,304	3.58%
Total Expenditure	241,562,703	242,463,630	900,927	0.37%
Total Funding	254,088,300	253,605,550	482,750	0.19%
UNDERSPEND			1,383,677	

5. CONCLUSION

- 5.1 The Unaudited Annual Accounts have been prepared in accordance with professional and statutory requirements. The General Fund Balance has increased by £6.122m, which includes the revenue year-end outturn being

£1.384m better than budgeted. The net worth per the balance sheet increased by £42.134m to £203.091m. Overall the financial position of the Council remains stable.

6. IMPLICATIONS

- 6.1 Policy – None.
- 6.2 Financial - None, summarises the financial position for 2015-16.
- 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
20 June 2016

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 – Unaudited Annual Accounts 2015-16.

Argyll and Bute Council

Comhairle Earra Ghàidheal agus Bhòid



Unaudited Annual Accounts for the year ending 31 March 2016

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

本文件可以翻译为另一语文版本，或制作成另一格式，如有此需要，或需要传译员的协助，请与我们联系。

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

1. INTRODUCTION

What is the Management Commentary?

This Management Commentary outlines the key messages regarding the objectives and strategy of the Council and its financial performance for the year. It also looks forward, outlining the future financial plans for the organisation and the challenges and risks which are faced in making Argyll and Bute a place where people want to live, learn, work and do business.

Argyll and Bute: The Geography

Argyll and Bute is bounded by the urban areas of Helensburgh and Dunoon along the Clyde, Loch Lomond to the East, Mull of Kintyre to the south, Atlantic Islands to the west, and the Sound of Mull and Appin to the north. It covers an area of 691,000 hectares making it the second largest local authority area in Scotland. Our area has the third sparsest population density of the 32 Scottish local authority areas, with an average population density of just 13 persons per square kilometre.



Argyll and Bute has 23 inhabited islands (Census 2011) more than any other local authority in Scotland with around 17% of the population living on Islands (Census 2011). The area is also home to several long sea lochs, which bisect the landscape and along with the islands give Argyll and Bute a very long coastline and a higher level of reliance on ferries for travel. Almost 80% of the population live within one kilometre of the coast (Scottish Coastal Forum, 2002).

Argyll and Bute: Population and Demographics

The total population of Argyll and Bute is 88,166 based on the 2011 census. This compares to a total population for the area of 91,306 in the 2001 census, a reduction of 3.4%. Argyll and Bute was one of only 4 local authority areas to show a decrease in population. Future population projections suggest a reduction in total population of 7.2% from 2010 to 2035.

The population of Argyll and Bute has been declining, this decline is projected to continue and the population is also aging. These changes in population will have significant implications for the delivery of Council services now and into the future. The change in population has particular challenges in relation to the provision of care, the future sustainability of Argyll and Bute's workforce and the economic sustainability of the area.

Argyll and Bute: Key Challenges

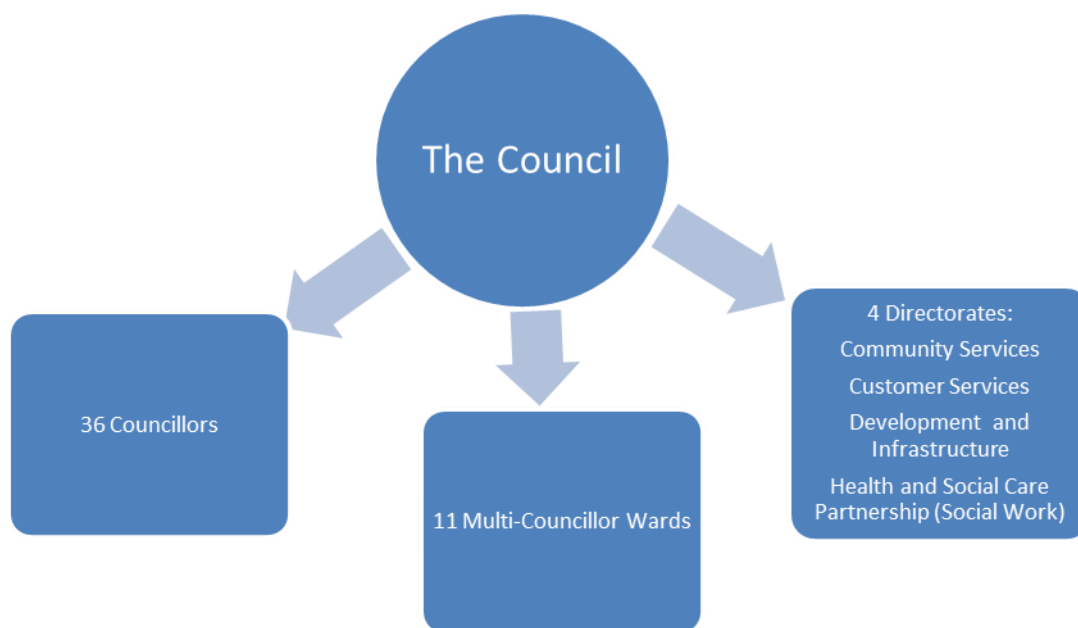
- Our geography – A highly rural area with many small communities, often separated by water. Access to the area and to key services is a perennial challenge.
- Reducing population – The projected decline in total population is a real threat to the viability of the area with a potential to adversely impact on the economy/wealth creation, workforce availability and efficient service delivery.
- Changing population – With more extremes than most of Scotland we face increasing costs and challenges to deliver services to older people and we need to encourage younger people to move to the area so that our economy can grow.
- Economy – Unlocking the opportunities offered by its significant, sustainable economic assets for the benefit of its communities and the competitiveness and security of the Scottish and EU economies.

Management Commentary

- Employment – Developing education, skills and training to maximise opportunities for all and create a workforce to support economic growth.
- Infrastructure – Improving and making better use of infrastructure in order to promote the conditions for economic growth including enhancing the built environment and our town centres.
- Sustainability – Ensuring a sustainable future by protecting the natural environment and mitigating climate change.
- Health – Improving health and wellbeing and reducing health inequalities.
- Deprivation – Inequalities exist in Argyll and Bute so we need to improve how we identify and implement action to address them.
- People on the fringe – Many of our communities are very isolated and risk collapsing as population change takes affect alongside urban communities where deprivation can create real hardships.

Argyll and Bute Council

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 thirty six councillors elected every five years to represent the interests of the local community. Argyll and Bute is split into 11 multi-councillor areas or wards. This means that for every ward there are at least 3 councillors that represent the area you live in.

The management of the Council is led by the Chief Executive, Cleland Sneddon. The operational structure is divided into the Chief Executive's Unit, four directorates: Community Services, Customer Services, Development and Infrastructure and Integration Services. From 1 April 2016, Adult Care and Children and Families Services transferred over to the Health and Social Care Partnership and strategic decisions will be the responsibility of the Integrated Joint Board.

Management Commentary

Chief Executive's Unit	Community Services	Customer Services	Development and Infrastructure	Health and Social Care Partnership
<ul style="list-style-type: none"> Strategic Finance 	<ul style="list-style-type: none"> Education Community and Culture 	<ul style="list-style-type: none"> Governance and Law Customer and Support Services Improvement and Human Resources Facility Services 	<ul style="list-style-type: none"> Roads and Amenity Services Economic Development Planning and Regulatory Services 	<ul style="list-style-type: none"> Adult Care Children and Families Health Services (NHS)

Annual Accounts 2015-16

The Annual Accounts set out the financial statements of the Council and its group for the year ended 31 March 2016. Its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The 2015-16 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Council also produces a set of summary accounts for 2015-16 and these can be accessed on the Council's website.

2. OBJECTIVES AND STRATEGY OF THE COUNCIL

Community Plan and Single Outcome Agreement 2013-2023

Our geography, coupled with a declining population presents us with unique challenges and together with our community planning partners we have developed a Single Outcome Agreement (SOA), now referred to as the Local Outcome Improvement Plan (LOIP). The LOIP sets out the shared vision, priorities and objectives for Argyll and Bute over the next ten years. Our shared vision is:

Argyll and Bute's Economic success is built on a growing population.

The vision has six key outcomes:



Management Commentary

The Community Plan and Single Outcome Agreement can be accessed at the following web-link:

<https://www.argyll-bute.gov.uk/council-and-government/community-plan-and-single-outcome-agreement>

Corporate Plan 2015-17

The corporate plan sets out what we as a council will contribute to achieving the outcomes within the Single Outcome Agreement. The period 2015-17 has brought, and will bring, challenges for us as we make choices around planning our future. We must accommodate a reducing budget, yet make the right choices to invest in our future. Our shared vision as set out in the SOA, corporate mission and strategic priorities provide us with clear direction and ensure that the Council is in a strong position to plan our future.

Our mission:

To make Argyll and Bute a place people choose to live, learn, work and do business.

Our Corporate Plan can be accessed at the following web-link:

<https://www.argyll-bute.gov.uk/performance-reporting-and-best-value>

Service Plans

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.

Our Service Plans can be accessed at the following web-link:

<https://www.argyll-bute.gov.uk/service-plans-overview>

Performance Reporting

We have a Planning and Performance Management Framework (PPMF) that ensures a focus on performance is integral to the work of the Council. The PPMF details the structure and process for performance management at all levels. Plans specify the outcomes to be achieved aligned to success measures, as well as risks to be reduced.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers.

At a strategic level performance is scrutinised through our Strategic Committees and more locally at our Area committees. The Performance Review and Scrutiny Committee, which meets four times a year has a key role in reviewing and scrutinising how we are meeting our strategic objectives.

Our Performance is reported through scorecards which are reviewed at team and service level as well as Council and Departmental level. These are reviewed at Council meetings and are available on the following web-link:

<https://www.argyll-bute.gov.uk/council-and-government/quarterly-performance-reports>.

The Council also produces an Annual Report which provides residents with a summary of progress being made. The Annual Report for 2015-16 will be produced later this year; however, the 2014-15 Annual Report is available on the following web-link:

https://www.argyll-bute.gov.uk/sites/default/files/annual_report_updated_january_2016_-_post_prs.pdf

Management Commentary

Budget Strategy

A report on the budget strategy for 2014-15 and 2015-16 was presented to Council on 28 November 2013. Taking account of the commitments in the SOA, challenging financial outlook and the current stability offered by the proposed flat cash finance settlement for 2014-15 and 2015-16 it was agreed to set a 1% savings target for services in each of the two years 2014-15 and 2015-16. This provided a degree of stability over these two years whilst the Council developed its approach to service prioritisation linking budget to strategic priorities, now referred to as Service Choices.

A further suite of reports entitled "Delivering on the Single Outcome Agreement" were presented to the Policy and Resources Committee on 18 December 2014. The suite of reports outlined a structured approach to managing the budget challenge. This included Service Choices in order to match budget to Member priorities as well as developing an approach to investment for economic growth and strategic infrastructure plan. In addition, the balance on the General Fund was earmarked to support the SOA, investment for income and to establish an investment fund that could borrow to take forward projects that would generate an income stream and support the economy.

Budget Monitoring

The Council has robust budget monitoring arrangements in place and a monitoring pack is prepared and presented to the Policy and Resources Committee every two months. The monitoring pack includes the following reports:

- Financial Monitoring Pack Summary - an executive summary.
- Revenue Budget Monitoring - this report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.
- Monitoring of Financial Risks - this report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.
- Capital Plan Monitoring - this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.
- Treasury Monitoring - this report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- Reserves and Balances - this report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.

Risk Strategy

The council has a risk management strategy in place that is subject to regular review and has been assessed as "embedded and integrated" as per CIPFA Benchmarking. Detailed guidance is in place which provides detail on the risk management framework including risk identification and risk treatment. Strategic and operational risks are reviewed on a regular basis and active mitigations are in place.

Management Commentary

There are 15 principal risks facing the Council reflected within the Strategic Risk Register as follows:

- Population and economic decline
- Condition and suitability of overall Council infrastructure and asset base.
- External built environment.
- Welfare reform
- Political leadership
- Finance - Income and Funding
- Finance - expenditure
- Health and Social Care Integration
- Reputation
- Demographic Changes
- Partnership Governance
- Engagement and alignment of service delivery
- Leadership and Management
- Civil contingency and business continuity
- Management of services and resources.

The Strategic Risk Register now includes Risk Appetite and Risk Tolerance thresholds. Two of the risks are currently showing a residual score in excess of agreed tolerance levels. These are Population and Economic Decline and Health and Social Care Integration. These risks are being actively managed and there is a focus and priority emphasis on these areas which includes prioritisation or redirection of resources, prioritisation of mitigations and defined action plans.

Financial risks are also considered as part of the budget process and medium term outlook and regularly reviewed as part of routine budget monitoring throughout the year. There are some Council wide financial risks in relation to shortfall on savings, employer's on-costs, energy costs and increase to general inflation. There are also a number of risks relevant to departments/services and mitigations are in place.

Treasury Strategy

The Council publishes an annual Treasury Management Strategy to coincide with the approval of the financial plans in February. This strategy links the Council's capital investment plans to its treasury management activities including borrowing and investment strategies.

3. PERFORMANCE AGAINST OUR PRIORITIES

The Planning and Performance Management Framework sets out the process for presentation of the Council's quarterly performance reports. Performance is reviewed by the Strategic Committees and then the Council and departmental performance reports and scorecards are presented to the Policy, Review and Scrutiny Committee on a quarterly basis.

Below is a small selection of performance information for each priority that was presented during 2015-16. Further information will be contained in the Council's Annual Performance Report due to be published later in the year. This selection of information supports that performance has been improving in key priority areas despite the reduction in Council funding.

Management Commentary

Priority 1: The economy is diverse and thriving

- In the last quarter of 2015-16 the planning application approval rate was above target (95%) for the 12th consecutive quarter at 97%.
- The average number of weeks to determine local planning applications at 10.3 weeks remains below the current 12 week target.
- The number of businesses taking up a growth grant opportunity is 33, which exceeded the target of 31.
- Procurement bids from local suppliers have increased from 23% in 2014-15 to 31% in 2015-16.

Priority 2: We have infrastructure that supports sustainable growth

- The total number of empty homes brought back into use in Argyll and Bute during 2015-16 was 73, above our target of 50.
- 873 bridge inspections were carried out over the year against a target of 843.
- 91.9% category 1 road defects were repaired on time in the last quarter of 2015-16. There have been 46% more category 1 defects in 2015-16 than the previous year, but despite this we have maintained a high performance above the target of 90% and significantly above the APSE benchmark of 88.25% all year.
- The percentage of premises within Argyll and Bute with access to 3G phone signal has increased from 28% at the end of 2014-15 to 38% at the end of 2015-16.

Priority 3: Education, skills and training maximises opportunities for all

- The number of adults achieving accredited learning outcomes through Community Based Adult Learning has increased from 539 in 2014-15 to 632 in 2015-16.
- The percentage of young people achieving a sustained positive destination at the end of 2015-16 was 93.1% reflecting the highest recorded figures.
- Overall 70% of leavers entered a positive destination post Activity Agreement, this matches target of 70%.
- The number of students accessing alternative qualifications has increased from 1,493 in 2014-15 to 1,535 in 2015-16.

Priority 4: Children and Young People have the best possible start

- The uptake of nutritional free school meals provided to eligible pupils has been maintained at over 86% against a benchmark of 75% (Scottish average uptake 2014/15 APSE benchmarking data).
- Out of 373 members of childcare staff, 360 are qualified for SSSC role or are working towards the qualification, 96.5% against a benchmark of 94%.
- Currently 93% of children on the Child Protection Register have no change of social worker.
- All schools have reviewed their anti-bullying policies during 2015-16.

Priority 5: People live active, healthier and independent lives

- Number of visits to Council run gyms has increased from 109,666 in 2014-15 to 115,227 in 2015-16.
- Number of visits to Council run pools has increased from 309,791 in 2014-15 to 319,206 in 2015-16.
- The number of older people receiving care in the community has been maintained at around 80% in 2015-16.

Management Commentary

- The number of enhanced telecare packages which play a key role in enabling people to remain safely in their own homes and communities has increased from 460 in 2014-15 to 513 in 2015-16.

Priority 6: People live in safer and stronger communities

- The percentage of building warrants responded to within 20 days is 89.7% against a target of 80%.
- Percentage of compliance with the shellfish monitoring contract: 98.5%, which exceeds the target.
- Percentage of high risk food inspections within due date: 92.5% achieved and all premises were visited in 2015-16 as planned.

4. FINANCIAL PERFORMANCE 2015-16

Revenue and Capital Expenditure

The financial resources of the Council are categorised into Revenue and Capital Expenditure. Expenditure on recurring day to day costs associated with providing the Council's services (e.g. salaries, supplies) is revenue, whereas spending on assets (e.g. buildings) that have a useful value to the Council over multiple years is referred to as capital. The financing of revenue and capital expenditure, in general, comes from different sources.

Annual Budget and Setting of Council Tax for 2015-16

The Council set a two year revenue budget in February 2014 which set the budget for 2014-15 and 2015-16. The budget assumptions were revised and an updated 2015-16 budget was approved at Council in February 2015. The budget for 2015-16 was based on the Council Tax for Band D remaining at £1,178 for the eighth successive year. For 2015-16, a surplus of £0.154m was planned after taking account of government grants, inflation, borrowing costs and efficiency savings.

The Council approved a £118m capital programme covering the years 2015-16 to 2019-20 in April 2015. The capital programme was based on assumptions on the level of General Capital Grant from the Scottish Government and the likely capital receipts over the period. The major capital projects included in the programme were CHORD, the replacement of Campbeltown Grammar School, Oban High School and Kirn Primary School and the refurbishment of Dunoon Primary Schools, Helensburgh Waterfront, the new Helensburgh Office and asset sustainability projects in respect of Roads Reconstruction and Property Refurbishment.

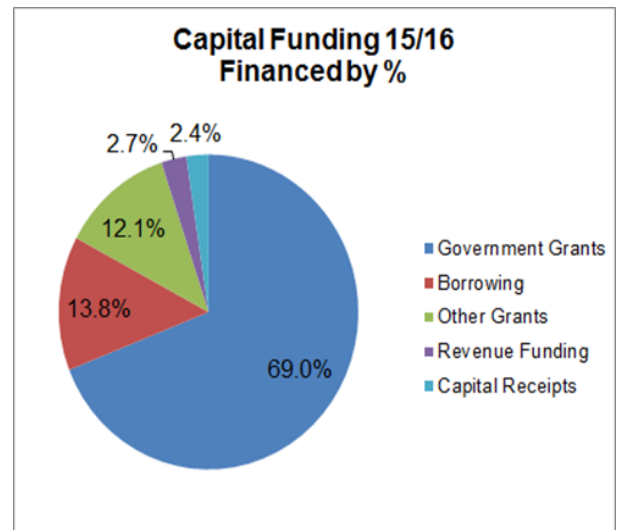
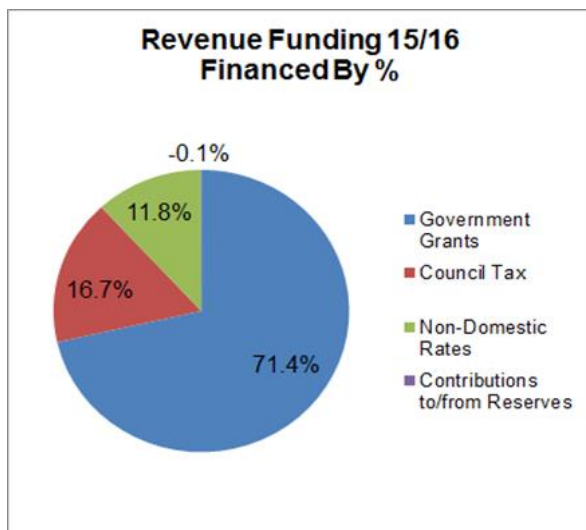
2015-16 Budget – Revenue and Capital

The resources available are categorised into revenue and capital expenditure. The financing of these generally come from different sources.

The funding at the beginning of financial year 2015-16 for revenue expenditure was £244.4m. This was funded from government grants (£174.7m), Council Tax (£40.9m) and Non-domestic rates (£28.8m). The Council agreed to transfer £0.154m back to the General Fund balance in 2015-16.

The available budget for capital expenditure is £27.4m and is funded government grants (£18.9m), borrowing (£3.8m), grants from other organisations (£3.3m) contributions from revenue (£0.7m), and receipts from sale of assets (£0.7m).

Management Commentary



Revenue: Outturn against Budget

The performance against budget for financial year 2015-16 was an overall underspend of £1.384m (0.55%), after adjusting to reflect the new amounts earmarked by departments at the year end. There was a net overspend of £0.074m in relation to departmental expenditure and a net underspend of £0.975m in relation to other central/non-departmental costs. The remainder of the underspend of £0.483m is in relation to funding and the over-recovery of Council Tax income. A summary of the final outturn position is noted within the table below:

Final Outturn Variance (Un-audited)				
2015-16				
Department	Actuals	Budget	Variance	
		Adjusted for Earmarking	(Overspend) Underspend	% age
	£	£	£	
Chief Executive's Unit	2,166,866	2,169,953	3,087	0.14%
Community Services	84,255,041	84,692,627	437,586	0.52%
Customer Services	37,895,604	38,110,876	215,272	0.56%
Development and Infrastructure Services	33,220,057	33,253,215	33,159	0.10%
Integration Services	57,769,324	57,005,844	(763,480)	-1.34%
Total Dept Controllable Expenditure	215,306,892	215,232,515	(74,377)	-0.03%
Joint Boards	1,345,998	1,351,980	5,982	0.44%
Loans Charges	20,001,921	21,373,436	1,371,515	6.42%
Pension Costs	2,983,857	1,904,249	(1,079,608)	-56.69%
Other	1,924,036	2,601,450	677,414	26.04%
Total Central/Non Dept Expenditure	26,255,812	27,231,115	975,304	3.58%
Total Expenditure	241,562,703	242,463,630	900,927	0.37%
Total Funding	254,088,300	253,605,550	482,750	0.19%
UNDERSPEND			1,383,677	

Management Commentary

Capital: Outturn against Budget

Net expenditure for the full financial year is £24.185m compared to a capital budget of £27.415m giving rise to an underspend for the year of £3.230m. The underspend is as a result of net slippage of projects between financial years, with a significant element being in respect of the replacement of Campbeltown Grammar School, Dunoon Primary School, Kirn Primary School and Oban High School.

The new Helensburgh Office was occupied by staff during 2015-16 and the refurbishment of the Rothesay Pavilion started on site during the year. The new schools projects for the replacement of Campbeltown Grammar School, Oban High School and Kirn Primary School reached financial close which enables the projects to proceed.

In terms of project performance 80% were completed on time and within budget tolerances.

Statement of Movement in Reserves

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

The balance of usable reserves has increased by £6.409m from £50.478m as at 31 March 2015 to £56.887m as at 31 March 2016. This is mainly as a result of the increase to the General Fund Balance of £6.122m in addition to an increase in the Capital Fund which is outlined in Note 30.1 on page 104.

In respect of the General Fund Balance movement, there were £6.518m of earmarked reserves released to services and spent during 2015-16 and supplementary estimates of £0.039m drawn down for the Waverley and Hebridean Air Services. The contributions to earmarked reserves amount to £11.141m and there was a budgeted contribution of £0.154m agreed as part of the 2015-16 budget. The overall underspend on the revenue budget amounted to £1.384m which is transferred to the General Fund balance. All these factors contribute to the increase in the General Fund balance as summarised within the table below:

	£000
Balance on General Fund 31 March 2015	46,067
Released sums earmarked to service budgets 2015-16	(6,518)
Supplementary Estimates agreed during 2015-16	(39)
Contributions to earmarked reserves 2015-16	11,141
Budgeted contribution to General Fund 2015-16	154
Overall budget underspend as above	1,384
Balance on General Fund 31 March 2016	52,189

The balance of unusable reserves has increased by £35.725m from £110.479m as at 31 March 2015 to £146.204m as at 31 March 2016. The main reasons for this increase relates to the reduction in the pension fund reserve which matches the pensions liability, offset by the downward revaluation of the schools as noted above (under Long Term Assets) which is charged to the capital adjustment account.

Balance Sheet

The balance sheet summaries the Council's assets as at 31 March 2016 and it is accompanied by explanatory notes. The net worth of the Council has increased to £203.091m compared to a net worth at 31 March 2015 of £160.957m. The main reason for this increase relates to the reduction in the pension liability as a result of an increase in the net discount rate over the period. An increase in the net discount rate will decrease the assessed value of liabilities as a lower value is placed on benefits paid in the future.

Management Commentary

Long Term Assets: total Long Term Assets includes property, plant and equipment as well as other intangible assets. They have reduced by £20.955m from £527.060m as at 31 March 2015 to £506.105m as at 31 March 2016. The main reason for the decrease is due to the downward revaluation of Oban High School, Campbeltown Grammar School and Kirn Primary School to reflect the reduction in the useful life of the asset as these schools are due to be replaced by new schools.

Current Assets: total Current Assets has decreased from £71.119m as at 31 March 2015 to £64.036m as at 31 March 2016. The main reason for this decrease relates to the amount of cash that was held at the year-end due to external debt having been repaid and not replaced.

Current Liabilities: total current liabilities have decreased from £72.740m as at 31 March 2015 to £55.096m as at 31 March 2016. The main reason for this reduction is due to the repayment of external debt which had a life of less than one year.

Further details on the current provisions are noted later within the commentary.

Long Term Liabilities: total long term liabilities have decreased by £52.528m from £364.482m as at 31 March 2015 to £311.954m as at 31 March 2016. The main reason for this reduction relates to the pension liability which has reduced by £50.297m. Further detail on the pension liability is noted later within the commentary.

Provisions

The Council has provisions totalling £3.865m on the balance sheet, noted as follows:

- £0.077m Equal Pay Claims. 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.
- £0.148m cash not yet collected, due to be paid to the Strategic Housing Fund. The Council reduced the discount on council tax from second homes to 10% during 2005-06 and this provision relates to the cash not yet collected.
- £1.018m redundancy costs. Liabilities have arisen in respect of employees who will be made redundant as a result of restructuring and also as part of the Service Choices process. The costs for any employee, whose contract has been terminated on or before 31 March 2016, has been incurred in year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2016, a provision has been created.
- £1.042m landfill sites. A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. These have been provided for based on the net present value of estimated future costs.
- £0.510m Utilities. The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.089m has been reversed during 2015-16 reducing the provision to £0.510m.
- £0.320m VAT Liability. The provision was created to reflect the potential liability the Council faces from the over claiming of VAT on staff mileage for the period 2012 to 2016 which will require to be repaid to HMRC.
- £0.750m other provisions. These 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 2016-17.

Management Commentary

Pension Liability

The Council is required to account for its share of the Strathclyde Pension Fund assets and liabilities. The information included in the Accounts is provided by the Pension Fund actuaries following the annual valuation of the Fund. The 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 2016.

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.

The pension liability can fluctuate significantly year on year. The table below shows the pension liability over the last three years.

	2015-16 £'000	2014-15 £'000	2013-14 £'000
Pension Liability	(94,441)	(144,738)	(118,337)

Most of the changes each year can be attributed to the change in financial and demographic assumptions. In 2014-15 there was an increase in liabilities which was partially offset by an increase in the return on assets. The following table shows the movement in financial assumptions over the last three years:

	2015-16 %	2014-15 %	2013-14 %
Rate of Inflation	2.2	2.4	2.8
Rate of Increase in Salaries	4.2	4.3	5.1
Rate of Increase in Pensions	2.2	2.4	2.8
Rate for Discounting Scheme Liabilities	3.5	3.2	4.3

Of the four financial assumptions above, the change in discount rate has the most significant financial impact on the pension liability. An increase in the net discount rate will decrease the assessed value of liabilities as a lower value is placed on benefits paid in the future, the opposite is also true, a decrease in the discount rate will increase the liability.

The change in financial assumptions added £62.3m onto the liability in March 2015, mainly because the discount rate decreased. Changes in demographics added a further £15m on to the liability but this was offset by an increase in the return on assets of £25.8m and a fall in obligations of £33.9m in relation to "Other Experience".

At 31 March 2016 the change in financial assumptions (discount rate increased to 3.5%) meant that the liability reduced by £55.8m, "Other Experience" further reduced the liability by £8.4m, there was a loss on return on assets of £3m. Therefore the above "re-measurements" total £61.2m which are the main reason for the decrease in the Net Pension Liability position at 31 March 2016.

Further detail on the pension estimates are within Note 28 on pages 96 to 102.

Management Commentary

General Fund Balance

The General Fund Balance includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances were due to be spent during 2015-16 and some of them will be held over and spent in later years. The Council has agreed a policy where balances will automatically be carried forward in respect of Strategic Housing Fund, CHORD, balances unspent with the Devolved Management of Resources Scheme of Delegation for schools, unspent grants and unspent contributions from external bodies and any unspent budget that relates to existing policy commitments arising from a previous Council decision or where they are required to meet an existing legal commitment.

Outwith the situations noted above there will be no automatic carry forward of unspent budget and any request for carry forward will be reported to Council for approval and supported by a business case. There are 15 new unspent budget earmarked proposals for consideration:

- Strategic Finance Initiatives - £0.058
- Written in the Landscape Project - £0.030m
- Education grant funding carry forwards (Developing the Young Workforce, GIRFEC, Languages 1+2) - £0.307m
- National Improvement Framework Literacy and Numeracy - £0.103m
- Case Management and Time Recording System - £0.035
- Campbelltown Office Rationalisation - £0.060m
- Pathfinder North - £0.100m
- Local Elections 2017 - £0.300m
- Modern Apprentices and Growing our Own - £0.226m
- Leadership Development - £0.050m
- Waste Management Model - £0.130m
- Development Policy - £0.022m
- Winter Maintenance (April 2016) - £0.200m
- Transformation Project Management - £0.100m
- Maintenance of 3G Pitches - £0.750m

The General Fund balance at 31 March 2015 was £46.067m; of this a total of £30.193m was approved by Council to be earmarked for specific purposes. The new earmarked balance as at 31 March 2016 amounts to £43.272m and Note 5 on page 70 provides further detail of the movement.

The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget for 2016-17. This contingency is held to provide a working balance to help cushion the impact of uneven cash flows and cushion the impact of unexpected events. The unallocated General Fund balance after the 2% contingency amounts to £4.174m.

Comprehensive Income and Expenditure Statement

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

Management Commentary

The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2015-16 (the Code). These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2016.

Reconciliation of Comprehensive Income and Expenditure Statement to Budgetary Outturn

The table below, sets out a reconciliation of the Deficit/(Surplus) on the provision of services of £19.653m as noted in the Comprehensive Income and Expenditure Statement to the revenue budgetary outturn of £1.384m (underspend).

	£000	£000
Deficit on Provision of Services		(19,653)
Add Back:		
Depreciation	10,721	
Impairments of Asset charged to Services	25,006	
Interest Expense	21,617	
Pension Adjustment	10,912	
Other	846	
		69,102
Less:		
Loans Charges	(20,002)	
Capital Funding	(16,922)	
		(36,924)
Surplus on Revenue		12,525
Less: Earmarkings Carried Forward		(11,141)
Revenue Budget Outturn - Surplus		1,384

Borrowing

The Council was under borrowed at the yearend by £19.910m compared with £6.307m at 31 March 2015 the increase in the under borrowed position is due to the repayment of external loans of £32.344m partly offset by new borrowing of £16.541m. This reduction in external debt is in line with the Council's borrowing Strategy which is to minimise the cost of borrowing and keep to a minimum the Council's cash balances. The only long term borrowing under taken during the year was a £9.500m loan from the Public Works Loans Board at the discounted Project Finance Rate which was made available by the Scottish Government. The balance is short term borrowing over the year-end to provide cash flow cover; this borrowing has subsequently been repaid.

Capital Finance

The resources to fund the Council's capital plan comes from a number of sources, there are grants from the Scottish Government and other bodies, capital receipts from the disposal of assets, contributions from reserves and the revenue budget, borrowing funded by the loans charges budget and in respect of the replacement schools revenue funding from the Scottish Futures Trust. During 2015-16 the funding of the new schools project changed as a result of ESA 10 a direct capital contribution from the Council towards these projects was no longer allowed under accounting rules which resulted in a balance which had been earmarked in the General Fund being released back to the General Fund and a compensating increase in the unitary charge in respect of the schools.

Management Commentary

Group Accounts

Argyll and Bute Council Group comprise the following entities:

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

In addition, the Council's Common Good Funds have been fully consolidated into the Group Accounts, Note 34 on page 106 gives further details on the Council's Common Good Funds.

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 £7.783m. This gives an overall net asset position for the Group of £210.874m, an increase of £43.140m over the previous financial year. As with the single entity Balance Sheet, the increase is mainly due to the decrease in the Pension Liability.

5. KEY FINANCIAL INDICATORS

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

Financial Indicator	2015-16	2014-15	Comment
Unallocated General Fund Balance as a proportion of Annual Budgeted Net Expenditure	3.76%	6.50%	Reflects the level of funding available to manage financial risk/unplanned expenditure. (Note the contingency was 1.5% in 2014-15 it is now 2% as agreed at Council in February 2016)
Movement in the Unallocated General Fund Balance	Decrease £8.0m	Increase £2.2m	Reflects the extent to which the Council is using its Unallocated General Fund Balance.
In-year collection rate	95.97%	95.51%	Reflects the Council's effectiveness in collecting Council Tax debt.
Ratio of Council Tax Income to Overall Level of Funding	16.75%	16.70%	Reflects the capacity of the Council to vary expenditure by raising Council Tax income. Argyll and Bute Council, in common with other local authorities has frozen Council Tax at 2007-2008 levels.
Actual Outturn compared to budgeted expenditure	£1.384m 0.55%	£2.072m 0.82%	A measure of how the final outturn compares to the budgeted position and is a reflection of the effectiveness of financial management.
Capital Financing Requirement (CFR) for the current year	£253.896m	£257.556m	Measurement of requirement to borrow for capital purposes.
External Debt Levels for the current year	£158.090m	£173.378m	Actual borrowing for capital investment levels.
Ratio of financing costs to net revenue stream	7.70%	10.98%	Measures the percentage of income that has been committed towards meeting the costs of borrowing. The more income needed to fund financing costs the less available to meet other revenue expenditure.

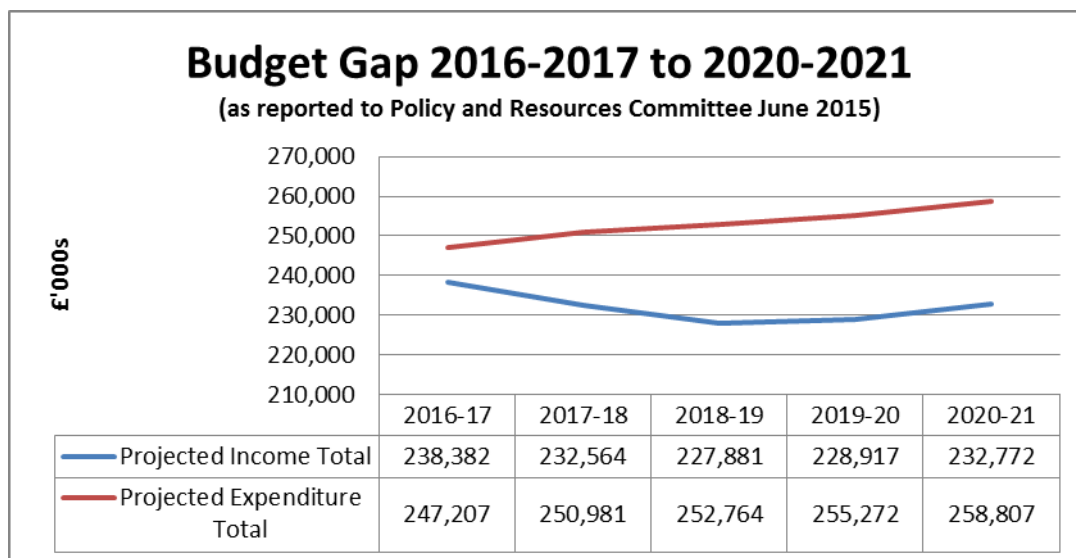
Management Commentary

6. PLANS FOR THE FUTURE

2016-17 Budget and Medium Term Financial Outlook

Creating a financial outlook is challenging as a number of assumptions need to be made anticipating changes to the base budget in relation to employee costs, non-pay inflation, cost and demand pressures and fees and charges as well as assumptions on the Council's funding position. When forecasting the funding there are a number of variables to consider including the overall level of public sector budgets, the amount the Scottish Government decides to allocate to fund Local Government, the impact of population reductions on Argyll and Bute and scope for any future Council Tax increases.

A financial outlook was presented to the Policy and Resources Committee on 22 June 2015 covering the 5 year period 2016-17 to 2020-21. The budget gap was estimated to be between £21.7m and £26m by year 5, with a gap of around £9m in 2016-17. The worst case budget gap is shown in the graph below.



One of the elements of the budget strategy agreed in December 2014 was Service Choices. Service Choices was an approach to plan for the estimated funding reductions by aligning the available budget to Members priorities. During 2015, the Council developed a number of service choices savings options that went out to public consultation prior to being considered by Members as part of setting the budget for 2016-17.

In common with other local authorities across Scotland, the level of reduction to the Council's revenue funding allocation for 2016-17 was higher than anticipated, however, our Council was well placed to deliver a balanced budget due to the options offered through Service Choices, in addition to the management and operational savings which had minimal impact on front line services.

The Council set a one year revenue budget for 2016-17 and a four year capital plan which focused on protecting core services and jobs, delivering what people want and building prosperity within the area. The budget has put us in a position to invest in creating economic growth. The package of measures agreed included an investment, from our financial reserves and capital funding, of some £75 million designed to attract more people to live and work here, securing employment and prosperity for our area.

Service Choices savings options were agreed not only for 2016-17 but for 2017-18 and beyond to allow for preparation time for some saving options where significant redesign of services is required to deliver the longer term savings.

Management Commentary

A new Scottish Government is now in place effective from May 2016. There is a full Spending Review later this year covering the period 2017-18 to 2019-20 with the expectation that the Council will be advised of its funding over the next three years. The Council are currently updating their medium term financial outlook taking into consideration recent announcements, including:

- On 2 March 2016, the First Minister announced that an additional £100m each year will be invested in schools across Scotland as a result of a package of reforms to Council Tax. The rates paid by those in the four highest council tax bands (E, F, G and H) will be adjusted in a move that will generate £0.1m per year. The additional revenue will be invested in schools through future local government settlements. It is estimated that the change to the bandings would generate additional income of around £2.4m.
- The First Minister also announced that from April 2017 the Council Tax freeze will be replaced with discretion for local authorities to increase Council Tax by a maximum of 3% per year which could generate up to £70m for council services across the country. In addition to this extra revenue, local authorities will also retain the £70m per year that has funded the Council Tax freeze. It is estimated that an additional 3% would generate additional income of around £1.2m.

It should be noted that the position in 2018-19 and 2019-20 is worse than originally anticipated last year as it was expected that the funding situation would improve, however, from the UK Budget 2016 it is clear that austerity is going to be with us for the next five years, with significant additional spending cuts required in later years.

The future service choices savings already agreed by Members, the significant investments agreed as part of the budget in February 2016 to support the economy and deliver additional income streams as well as the transformation work that the council is committed and is continuing to pursue, prepare the Council for the financial challenges ahead.

Health and Social Care Integration

The Argyll and Bute Integrated Joint Board (IJB) with responsibility for social work and a range of health services was established and came into effect on 1 April 2016. The IJB will be responsible for financial and strategic oversight of these services. Significant activity has taken place during 2015-16 in preparation for this transfer, including the establishment of an Integration Scheme which sets out the terms and conditions of the integration and the relationship between the Council, the Health Board and the Partnership and the development of a three year Strategic Plan which sets out the services which will be provided by the Partnership. The financial position of the IJB will be closely monitored during 2016-17.

Argyll, Lomond and the Islands Regeneration Initiative

On the 11 February 2016, the Council agreed to establish the new flagship “Argyll, Lomond and the Islands Regeneration Initiative” which will encompass all existing and new strategies and plans relating to population and economic growth into a single and cohesive programme to ensure focus in supporting the Single Outcome Agreement’s overarching vision to build the economy through a growing population. Three new investments were agreed as part of this Initiative: Inward Investment Fund, the Rural Resettlement Fund and the Lochgilphead and Tarbert Regeneration Fund.

The Council agreed to allocate £1m towards the new Inward Investment Fund to promote economic growth in Argyll and Bute through attracting significant inward investment to the area. It is proposed that the fund is focused on a smaller number of larger strategic investments that have real transformational opportunity. Criteria are currently being developed to qualify for this fund e.g. creates jobs, aligned with council objectives etc.

Management Commentary

The Council agreed to allocate £0.5m toward the new Rural Resettlement Fund which is intended to be focused on people. This fund will seek to either incentivise people to settle in Argyll and Bute or create/promote opportunities to do so. This may include businesses where individuals are prepared to move to Argyll and Bute to start up or relocate their business. The specific objective of this fund is growing our population with the benefits of creating economic activity and increasing the Council's Grant Aided Expenditure.

The Council agreed to award £3m towards the Lochgilphead and Tarbert Regeneration Fund that will build on the regeneration work in Campbeltown and it is deemed that the main objective of this fund is to promote the regeneration and/or economic development of Lochgilphead, Tarbert and surrounding areas.

Transformation Work

In order to deliver high quality services and to work towards achieving its aims, the council is committed to driving forward change through innovation. The Council has previously demonstrated that it is able to work in innovative ways in order to improve service delivery, make savings or generate income and examples include, workforce deployment project, customer management project, empty homes policy, children and families redesign, investment in hub co sub debt amongst others. However, the council has recognised that it is required to further develop and implement innovative ways to deliver services and generate income.

On the 8 October 2015, the Council agreed to create a £100,000 innovation 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. A number of ideas have already been generated from staff and as part of the budget consultation we received a positive response from the public with their ideas to improve services.

On the 11 February 2016, the Council created a £2m Asset Management and Investment Fund which will generate income for the Council by seeking out investment opportunities that will provide the Council with a commercially advantageous financial return on investment.

Tax Incremental Finance (TIF) Scheme

The Council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc 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 and the project is over the next 25 years. During the TIF project period, the Council is entitled to retain the TIF revenue from its NDR revenue, a pro-rata amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The Council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. 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 TIF project achieved material start in September 2015 with work commencing on the enabling works for the Oban Airport Business Park.

The original business case covered nine projects totalling £18.89m. This included two projects at Barcaldine (£4.15m) which were removed by agreement with Policy and Resources Committee 17 March 2016 and TIF Executive 19 April 2016. The right to explore replacement projects has been retained subject to presentation of a business case to TIF executive, approval of Scottish Government and overall affordability within the programme financial model.

The remaining seven projects which total £14.74m are covered by the following four key areas:

- Dunbeg Corridor (£4.95m) - partnership arrangements are being explored.

Management Commentary

- Oban South (£3m) - a scoping exercise is ongoing for potential projects.
- North Pier (£6.20m) - is at concept design stage with geotechnical survey work undertaken to inform the concepts.
- Oban Airport Business Park (£0.59m) - masterplan exercise is ongoing and provision of utilities being explored.

Business Improvement District (BID)

A Business Improvement District (BID) is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area, where businesses have voted to invest collectively in local improvements which will benefit the local economy. BIDs should not be seen as a substitute for central and local government investment, but rather an additional investment to strengthen an area's economic outlook with the aim of increasing returns to those businesses that are paying for the improvements on a basis agreed by them. BIDs are developed, managed and paid for by the business sector through an additional levy calculated on the non-domestic rates valuation.

The Council has two BIDS in Oban and Dunoon. Further information can be accessed at the following web-link:

<https://www.argyll-bute.gov.uk/council-and-government/business-improvement-districts>

7. CONCLUSION

The Council has continued to demonstrate sound financial management in 2015-16 by delivering services within the resources available. The operating environment going forward remains very challenging from the combined effect of reduced resources and increasing demand and expectation for our services. The council, despite these challenges, remains financially sound and are well placed to deliver services to the people of Argyll and Bute in the future.

8. ACKNOWLEDGEMENTS

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

Cllr Dick Walsh
Leader

Cleland Sneddon
Chief Executive

Kirsty Flanagan
Head of Strategic Finance

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.

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 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 2015-16 (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 2016.

Kirsty Flanagan
Head of Strategic Finance
30 June 2016

Annual Governance Statement

BACKGROUND / SCOPE OF RESPONSIBILITY

The governance framework includes the systems, processes and culture by which the Council is controlled, and engages with its communities. It allows the Council to monitor the achievement of its strategic objectives. 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.

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

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance, 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). This Statement explains how Argyll and Bute Council has complied with the standard and meets the requirements of current good practice.

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. The six key principles of our governance arrangements in 2015-16 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. **Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area**

Our Corporate Plan 2015-17 sets out our mission “To make Argyll and Bute a place people choose to live, learn, work and do business”. The Corporate Plan supports the Single Outcome Agreement and Delivery Plan. The focus of the priorities is to ensure that more jobs and more people are attracted into Argyll and Bute and progress against outcomes and targets is monitored on a regular basis by the Community Planning Partnership.

We have a Planning and Performance Management Framework (PPMF) that ensures performance is integral to the work of the Council. The PPMF details the structure and process for performance management at all levels. Plans specify the outcomes to be achieved aligned to success measures, as well as risks to be reduced.

Councillors and senior managers review and scrutinise the Council’s performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level performance is scrutinised through our Strategic Committees and more locally at our Area Committees. The Performance Review and Scrutiny Committee, which meets four times a year has a key role in reviewing and scrutinising how we are meeting our strategic objectives.

2. **Members and officers working together to achieve a common purpose with clearly defined functions and roles**

We updated our constitution in June 2016 to define the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

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

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

The Controller of Audit provided an updated report on the Council's arrangements to the Accounts Commission in 2015 which concluded:

“The Commission accepts this report by the Controller of Audit on progress made by Argyll and Bute Council since our 2013 and 2014 reports on Best Value in the Council.

The Commission acknowledges and welcomes the progress by the Council since 2013 in relation to improved governance, decision making and scrutiny arrangements and the improving relationships between political groups and between members and officers.

Members and senior officers need to consolidate this progress by continuing to improve the Council's openness, transparency and how it involves its communities in decision-making and scrutiny, in order to build the trust and confidence of service users and the public. More can be done to ensure a more effective contribution from Area Committees.

The council's current approach to the scale of the financial challenge it faces is not sustainable. This approach urgently needs to be more clearly linked to the Council's priorities and based on rigorous appraisal of options for service redesign. This is not a conclusion from the Audit Scotland report that we were in full agreement with. This is not a conclusion from the Audit Scotland report that the Council were in full agreement with.

The Commission notes with disquiet the dysfunctional relationships which persist between a number of individuals. The Commission is firmly of the view that the interests of the public are best served by a shared commitment by all parties to maintaining constructive relationships and high standards of conduct.

We will maintain our interest in the progress made by the Council. The Controller of Audit will continue to monitor progress through the annual audit process”.

3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

We have four values, which underpin what we do and how we do it:

- we involve and listen to our customers and communities
- we take pride in delivering best value services
- we are open, honest, fair and inclusive
- we respect and value everyone

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

The Councillor's Code of Conduct is set out at a national level, applying to all members in Scottish local authorities. A register of members interests is being developed for inclusion on the Council's website.

The code of conduct and protocols are supported by training and development programmes for both members and officers.

Annual Governance Statement

4. 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

We review and update our standing orders, standing financial instructions, scheme of delegation and supporting procedure notes/manuals - these clearly define how decisions are taken and the processes and controls in place to manage risks. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. Both the Audit Committee and the Performance Review and Scrutiny Committee receive regular reports on the risk management framework. The Performance Review and Scrutiny Committee are developing a handbook on the framework for undertaking scrutiny and have outlined a scrutiny timetable.

The anti-fraud strategy was reviewed and there are effective arrangements for whistle-blowing and for receiving and investigating complaints from the public and partners.

The Counter Fraud Investigation Team was established in October 2015 and is the single point of contact for the DWP regarding Housing Benefit cases. It is responsible for fraud investigation relating to Council Tax discounts and exemptions and the overall Council Tax reduction scheme and assists internal audit in broader counter fraud activities

5. Developing the capacity and capability of members and officers to be effective

Elected Member Development

We have signed up to the Improvement Service's Continuing Professional Development Framework for elected members. The majority of elected members now have personal development plans in place and dedicated days are set aside for member training and seminars on key issues.

The Audit Committee and Performance Review and Scrutiny Committees each held development days in 2015-16, and have agreed workplans for improvement. The Audit Committee self-assessed its effectiveness, and identified key actions which were taken forward during 2015-16, including the development of protocols for co-ordination of work with the PRS Committee, and the development of a materiality matrix.

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan, supported by a behavioural competency framework and underpinned by a systematic approach to identifying core and mandatory training requirements in all council job descriptions.

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

The Council is committed to delivering a programme of annual Performance Review and Development, which in turn informs the Corporate Training Programme that is delivered annually.

Annual Governance Statement

6. Engaging with local people and other stakeholders to ensure robust public accountability

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

Annual Budget Consultation

The Council undertakes a wide ranging budget consultation exercise each year, using a range of channels including written, face to face, online, Community Councils and through partner organisations and community groups in the Community Planning Partnership. The results of the consultation are then used to inform the members' budget decision making process and are reported to the Council as part of the budget reports pack.

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the council, both current and historic. This includes a section which makes public the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they have been informed by the consultation process.

Public Performance Reporting

The council makes all performance information available to the public on the Performance pages of the website. This includes information on performance scorecards, budgets and other service related information. This ensures that the council is openly accountable to the public for its performance against agreed policies and standards.

Community Engagement

The Council supports good community engagement with the resourcing of Community Development Officers in Community Services and the work of the Youth Forum staff in Youth Services. Both teams have resources and expertise to support children and young people, hard to reach groups, remote communities to have a voice in local service planning, delivery and evaluation, as well as best community engagement practice for any other requirement.

Local Community Development Officers have also been supporting community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local area community planning groups.

The Area Governance section of the Council supports community engagement by providing the staff resource to support four Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in community planning at a local area throughout Argyll and Bute.

It also supports community engagement at grass roots level by providing support to local partnerships which feed into the activities of the Area Community Planning Groups and by resourcing Community Council Liaison activities, including a training programme, which helps to build the capacity of Community Councils.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. When this is the case papers are adjusted to ensure that the maximum amount of content is in the public domain.

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 legislative framework of local government defines a number of posts which are primary to the governance arrangements in the Council. These include the Chief Executive, fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director of Customer Services 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, as Chief Financial Officer, to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Finance Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

After a full recruitment process which searched UK wide, the Council appointed a new Head of Strategic Finance who commenced the role on 1 October 2015.

AUDIT SCOTLAND FOLLOW-UP AUDIT

The Council was the subject of follow-up audit by the Controller of Audit during 2015-16. The follow-up audit considered the actions taken by the Council in response to the statutory report in 2013-14 and the first follow up audit and concluded that the Council had made progress in addressing the issues raised in the 2013-14 audit.

The council still has some areas where it needs to improve. These include:

- Establishing a more open and transparent culture and style of working. This includes appearing less defensive in dealing with conflict and minimising the amount of business it carries out in private. It needs to do this to reduce complaints about a lack of openness and build greater trust with communities. Learning from other organisations that demonstrate the greatest degree of openness will assist with this.
- Continuing to seek a resolution to long-standing and deep-rooted relationship difficulties between some members and between the Council's leadership and one of the Argyll and Bute constituency MSPs.
- Taking a more innovative approach to dealing with its financial challenges that is in line with its strategic vision and priorities for the area. This includes looking beyond reducing or withdrawing services and more fundamentally examining how it can do things differently.
- Demonstrating more clearly how it takes on board consultation feedback from its communities, to build a greater level of trust and willingness to work with communities. This will be important in taking forward Service Choices.
- Strengthening local empowerment and embracing the enthusiasm of local communities to be more involved in the work of the Council. This includes building on existing area committee and community planning structures and exploring possible opportunities under the Community Empowerment Act to give local people more say in decisions.

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- Exploring all options for providing training and development for all members in a way that is most accessible and has greatest impact.

The Council considered the report and the Accounts Commission conclusions at its meeting In January 2016 and determined as follows :-

The Council -

1. Welcomed the findings, particularly in relation to the progress that the Council has made; the improvements in political and managerial leadership, decision making and scrutiny with a consequent reduction in risk.
2. Welcomed the recommendations to consolidate progress and build on this to ensure a sustainable future particularly at a time of significant financial challenge.
3. Agreed to accept the recommendations and the development of an improvement plan to take forward the Statutory Report and Accounts Commission findings.

The development of an improvement plan is in hand which will seek to continue the progress made by the Council in addressing the findings of the various audit reports referenced, as part of the overall approach to the wider aspirations of the Council to continue to seek improvement to service delivery.

FINANCIAL SUSTAINABILITY

The budget approved in February 2016 has created a solid foundation to work from. One of the key elements of our budget strategy over the last year was a service review/service prioritisation process entitled "Service Choices" and this was designed to match budget to Members priorities. Savings options were created and were subject to public consultation. Members made a decision on all the options presented and some are deliverable in 2016-17 and for others where there is more service redesign, they will be deliverable in future years.

The Council agreed, in February 2016 to create three new Funds, totalling £4.5m all designed to help to support the economy and grow our population. The Council also agreed to create an Asset Management and Investment Fund of £2m with the purpose of generating income for the Council by seeking out investment opportunities that will provide the Council with a commercially advantageous financial return on investment.

Our Council have been committed to transformation and delivering services as innovatively as possible and over the last few years have delivered various transformation projects. As part of our budget consultation we also asked the public to write in with ideas on how they think services can be delivered differently. We created an innovation fund in October 2015 (£0.1m) and engaged with all employees to generate ideas. The fund is there to provide support to services in developing business cases for innovative ideas.

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 named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems;
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast;
- setting targets to measure financial and other performance;

Annual Governance Statement

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

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

RISK MANAGEMENT

The Council's Risk Management and Business Continuity Strategies continued to mature. The Chief Executive submitted an annual report on Audit and Risk Management to the Audit Committee. We have developed risk tolerance and risk appetite thresholds within our Strategic Risk Register which was also reviewed and agreed by SMT who will continue to review risks on a regular basis and ensure that active mitigations are in place.

Operational Risk Registers are reviewed and updated on a regular basis and inform performance scorecards. Results from the annual CIPFA benchmarking exercise demonstrated an improvement within individual categories with an overall Embedded and Integrated rating.

During 2015-16, the Audit Committee considered an updated assurance map, prepared by internal audit, which highlighted the Council's key risks, and the source and level of assurance that the Council receives on those risks, based on the three lines of defence model. Internal audit plans for 2016-17 have been targeted to provide the Audit Committee on areas where additional assurance is required.

A Risk Management Strategy has been developed by Argyll and Bute Health and Social Care Partnership and will be presented to both partner organisations for approval in May/June 2016 prior to it being approved by the Integrated Joint Board.

INTERNAL AUDIT

Argyll and Bute Council and its Group 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 its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit Committee endorses 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 2015-16.

Annual Governance Statement

Internal audit provides Members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External Audit places reliance on the work of internal audit.

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

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2016-17, particularly in the context of continuous improvement within the Council:

- During 2015-16 the Council received 1323 FOI requests of which 1227 (93%) were responded to within the required timescale. The Council received 47 requests for review (3.5%). FOI procedures were recently the subject of an internal audit report which confirmed a substantial level of assurance.
- Internal Audit presented 4 out of 30 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 through the SMT meeting programme.
- Development of delivery plans for the single outcome agreement (SOA) and ensuring these reflect 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 that we have a sustainable budget for the future and that reduced budget/resources are aligned to support council priorities and SOA delivery plans. Whilst we have delivered a number of transformation savings already, we hope this area of work will deliver savings from 2017-18 onwards.
- Ongoing development of performance management and improving performance scrutiny.
- Further development of risk management to ensure that it remains embedded within council business.
- Ensuring the internal audit function is fully resourced and work is planned to ensure the 2016-17 audit plan is delivered and that further improvements in the development of internal audit are achieved.
- Having established the IJB, agreed the scheme of delegation and the 3 year strategic plan, ensure good governance and scrutiny arrangements are further developed and maintained in respect of the Health and Social Care Partnership.
- The actions being taken by the Council continues to improve political management arrangements and governance within the Council.
- Implement new legislation as it applies to and affects the provision of Council Services.
- Further enhance and improve the tone of our correspondence to further develop a climate of openness with our customers.

Annual Governance Statement

ASSURANCE

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

- the work of officers within the Council;
- the work of Internal Audit as described above;
- the work of External Audit;
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts;
- 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 2015-16 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.

Cllr Dick Walsh
Leader

Cleland Sneddon
Chief Executive

Kirsty Flanagan
Head of Strategic Finance

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 2015-16 the salary for the Leader of Argyll and Bute Council is £33,439. 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 £25,079 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 £23,687 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 £19,749.

In 2015-16 Argyll and Bute Council had 10 senior councillors in the administration (excluding the Provost and the Leader). The total salary remuneration for senior councillors during 2015-16 was £0.231m. 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 2015-16.

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 an 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	2015-16	2014-15
	Actual £'000	Actual £'000
Basic Councillor Salaries	392	351
Leader and Provost's Salary	58	58
Senior Councillor Salaries	231	272
Other Expenses and Allowances paid to Members	135	139
Total Allowances	816	820

The annual return of councillors' salaries and expenses for 2015-16 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	2015-16				2014-15
		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	25,079	550		25,629	24,834
Councillor Dick Walsh	Leader, Lead Councillor for Strategic Finance, (IT Services, Improvement, HR and Customer Support, Facility Services, Governance and Law)	33,439	2,161	-	35,600	32,960
Councillor David Kinniburgh	Depute Provost from 21/01/16, Chair of Planning, Protective Services and Licensing Committee, additional responsibility for Planning Services, Historic and sustainable Environment from 23/04/15	23,687	-	-	23,687	23,623
Councillor Ellen Morton	Depute Leader, Lead Councillor for Roads, Amenity Services, Infrastructure, Asset Management and Special Projects	23,687	-	-	23,687	23,623
Councillor Aileen Morton	Lead Councillor for Sustainable Economic Growth from 23/04/15, Lead Councillor for Education, Lifelong Learning and Strategic IT Services to 23/04/15	23,687	294	-	23,981	23,623
Councillor Robin Currie	Lead Councillor for Community & Culture and Strategic Housing (responsible for Gaelic from 23/04/15)	23,687	289	-	23,976	24,162
Councillor Alistair MacDougall	Lead Councillor for Strategic Transportation from 23/04/15, Lead Councillor for Gaelic (from 28/09/14 to 23/04/15)	23,687	-	-	23,687	21,539

Senior Members	Responsibility	2015-16				2014-15
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Rory Colville	Lead Councillor for Education and Lifelong Learning (From 23/04/16), Chair of Mid Argyll, Kintyre and the Islands Area Committee	23,258	14	-	23,272	19,711
Councillor Mary Jean Devon	Lead Councillor for Health and Social Care Integration (from 23/04/15 to 05/01/16), Lead Councillor for Children and Families to 23/04/15	19,565	-	-	19,565	23,662
Councillor Maurice Corry	Lead Councillor for Health and Social Care Integration from 21/01/16	3,892			3,892	-
Councillor Roddy McCuish	Chair of Oban, Lorn and the Isles Area Committee	19,749	-	-	19,749	6,924
Councillor Robert E MacIntyre	Chair of Bute and Cowal Area Committee	19,749	-	-	19,749	19,735
Councillor Gary Mulvaney	Chair of Helensburgh and Lomond Area Committee	19,749	-	-	19,749	19,711
Councillor Douglas Philand	Depute Provost to 21/01/16, Lead Councillor for Adult Care to 23/04/15	3,464	-	-	3,464	23,646
Councillor Duncan MacIntyre	Lead Councillor for European Affairs, Sustainable Economic Growth and Strategic Transportation to 23/04/15	3,464	-	-	3,464	23,605
Councillor Vivien Dance	Lead Councillor for Sustainable Environment, Renewables and Strategic Tourism to 08/01/15	-	-	-	-	19,271

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

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 £	2015-16 Number of Officers	2014-15 Number of Officers
£50,000 - £54,999	68	46
£55,000 - £59,999	12	14
£60,000 - £64,999	8	4
£65,000 - £69,999	2	4
£70,000 - £74,999	13	9
£75,000 - £79,999	-	1
£80,000 - £84,999	2	3
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£95,000 - £99,999	2	2
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	1	1
Total	109	85

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 2015-16 there were no employees earning more than £150,000.

The following table sets out the remuneration disclosures for 2015-16 for senior officers:

Post Holder	Salary (Including Fees and Allowances) £	Compensation for Loss of Office £	Taxable Expenses £	Total Remuneration 2015-16 £	Total Remuneration 2014-15 £
Chief Executive - Sally Loudon	121,339	-	2,191	123,530	123,583
Executive Director of Community Services - Cleland Sneddon	95,989	-	4,270	100,259	98,607
Executive Director of Customer Services - Douglas Hendry	96,986	-	718	97,704	96,000
Executive Director of Development and Infrastructure Services - Pippa Milne	96,666	-	259	96,925	92,907
Head of Strategic Finance (Section 95 Financial Officer) - Kirsty Flanagan (from 1-10-15) <i>(Full year equivalent)</i>	32,884 71,012	- -	262 -	33,146 71,012	- -
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West (to 15-2-15) <i>(Full year equivalent)</i>	- -	- -	- -	- -	65,742 (71,011)
Head of Children and Families (Section 3 Social Work Officer) - Louise Long (from 15-7-15) <i>(Full year equivalent)</i>	48,468 71,012	- -	424 -	48,892 71,012	- -
Head of Adult Care (Section 3 Social Work Officer) - James Robb (to 14-7-15) <i>(Full year equivalent)</i>	23,368 71,012	40,228 -	- -	63,596 71,012	71,011 -

The Chief Executive's salary of £121,339 in 2015-16 included £4,189 of remuneration for acting as Returning Officer during 2015-16.

During 2015-16 James Robb, Head of Adult Care and the Council's Section 3 Social Work Officer, left the organisation and the responsibility of Section 3 Social Work Officer was transferred to Louise Long, Head of Children and Families.

During 2015-16, Kirsty Flanagan was appointed to the role of Head of Strategic Finance (effective 1 October 2015).

During 2014-15, Bruce West, Head of Strategic Finance and Section 95 Financial Officer left the organisation.

Steve Barrett acted as Interim Head of Strategic Finance from 16 February 2015 to 30 September 2015; he was employed by CIPFA Business Ltd and PENNA PLC. In 2015-16 the Council paid £65,360 (2014-15 - £18,240) to CIPFA Business Ltd and PENNA PLC 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 2015-16 are as follows:

Whole time pay	Contribution Rate 2015-16
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 2016 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 2016 £	For year to 31 March 2015 £		As at 31 March 2016 £	Difference from 31 March 2015 £
Councillor Roddy McCuish	3,811	3,508	Pension	2,960	(142)
			Lump Sum	1,480	(168)
Councillor Maurice Corry	3,440	-	Pension	1,258	466
			Lump Sum	-	-
Councillor Mary Jean Devon	4,314	4,567	Pension	2,933	534
			Lump Sum	1,434	45
Councillor David Kinniburgh	4,572	4,559	Pension	2,918	586
			Lump Sum	1,409	59
Councillor Ellen Morton	4,572	4,559	Pension	3,183	557
			Lump Sum	1,563	43
Councillor Rory Colville	4,489	3,804	Pension	3,007	566
			Lump Sum	1,465	52
Councillor Robin Currie	4,572	4,561	Pension	2,879	559
			Lump Sum	769	24
Councillor Aileen Morton	4,572	4,559	Pension	1,497	545
			Lump Sum	-	-
Councillor Gary Mulvaney	3,811	3,804	Pension	2,707	459
			Lump Sum	1,334	33
Councillor Vivien Dance	3,227	4,390	Pension	2,745	339
			Lump Sum	1,393	-

Councillors Len Scoullar, 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 2016 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 2016 £	For year to 31 March 2015 £		As at 31 March 2016 £	Difference from 31 March 2015 £
Chief Executive - Sally Loudon	23,233	23,038	Pension	38,777	2,025
			<i>Lump Sum</i>	74,049	(735)
Executive Director of Community Services - Cleland Sneddon	18,498	18,257	Pension	34,410	2,396
			<i>Lump Sum</i>	68,593	930
Executive Director of Customer Services - Douglas Hendry	18,498	18,257	Pension	43,600	2,521
			<i>Lump Sum</i>	96,167	1,310
Executive Director of Development and Infrastructure Services - Pippa Milne	18,498	17,679	Pension	37,695	2,482
			<i>Lump Sum</i>	78,451	1,159
Head of Strategic Finance (Section 95 Financial Officer) - Kirsty Flanagan (from 1-10-15)	11,512	-	Pension	15,161	-
			<i>Lump Sum</i>	20,530	-
Head of Children and Families (Section 3 Social Work Officer) - Louise Long (from 15-7-15)	13,697	-	Pension	5,062	-
			<i>Lump Sum</i>	-	-

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	2014/15				Exit Package Cost Band	No	2015/16			
	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	
£	£	£	£	£	£	£	£	£		
13	23,389	28,160	51,549	4,271	£0 - £20,000	57	306,493	87,436	393,929	-
4	53,068	67,240	120,308	-	£20,001 - £40,000	7	88,677	99,844	188,521	-
3	59,596	109,344	168,940	13,189	£40,001 - £60,000	8	207,961	178,207	386,168	-
-	-	-	-	-	£60,001 - £80,000	1	60,480	-	60,480	-
2	98,399	84,827	183,226	19,829	£80,001 - £100,000	1	82,076	-	82,076	-
2	101,744	122,032	223,776	23,439	£100,001 - £150,000	1	103,865	-	103,865	-
-	-	-	-	-	£150,001 - £200,000	-	-	-	-	-
24	336,196	411,603	747,799	60,728		75	849,552	365,487	1,215,039	0

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 £1.215m 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 2016 of £1.018m, 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 105 provides more information on the exit packages agreed in the last two financial years.

Cllr Dick Walsh
Leader

Cleland Sneddon
Chief Executive

Statement of Movement in Reserves

Movements in 2015-16	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
		£'000						£'000			
Balance at 31 March 2015	(46,067)	(669)	(3,742)	(50,478)	(55,224)	(209,599)	144,738	4,516	5,090	(110,479)	(160,957)
(Surplus)/Deficit on Provision of Services	19,653			19,653						-	19,653
Other Comprehensive Income and Expenditure					(578)		(61,209)			(61,787)	(61,787)
Total Comprehensive Income and Expenditure	19,653	-	-	19,653	(578)	-	(61,209)	-	-	(61,787)	(42,134)
<i>Adjustments between accounting basis and funding basis under regulations:</i>											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost				-	955	(955)				-	-
Amortisation of Intangible Assets	(118)			(118)		118				118	-
Depreciation of Non-current Assets	(20,700)			(20,700)		20,700				20,700	-
Impairment of Non-current Assets	(25,006)			(25,006)		25,006				25,006	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	16,922			16,922		(16,922)				(16,922)	-
Capital Expenditure Charged to the General Fund	743			743		(743)				(743)	-
Net Gain or Loss on Sale of Non-current Assets	(323)		(652)	(975)		975				975	-
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	351			351				(351)		(351)	-
Employee Benefits	561			561					(561)	(561)	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(10,912)			(10,912)			10,912			10,912	-

Statement of Movement in Reserves

Statutory Repayment of Debt - Loans Fund Advances	10,792			10,792		(10,792)				(10,792)	-
Statutory Repayment of Debt - NPDO Finance	1,877			1,877		(1,877)				(1,877)	-
Total Statutory Adjustments	(25,813)	-	(652)	(26,465)	955	15,510	10,912	(351)	(561)	26,465	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(6,160)	-	(652)	(6,812)	377	15,510	(50,297)	(351)	(561)	(35,322)	(42,134)
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	38	(2)	367	403		(403)				(403)	-
(Increase)/Decrease in Year	(6,122)	(2)	(285)	(6,409)	377	15,107	(50,297)	(351)	(561)	(35,725)	(42,134)
Balance at 31 March 2016 Carried Forward	(52,189)	(671)	(4,027)	(56,887)	(54,847)	(194,492)	94,441	4,165	4,529	(146,204)	(203,091)

This Statement shows the movement in the 2015-16 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 2014-15	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
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 Expenditure and Income					774		17,675			18,449	18,449
Total Comprehensive Expenditure and Income	(4,581)	-	-	(4,581)	774	-	17,675	-	-	18,449	13,868
<i>Adjustments between accounting basis and funding basis under regulations:</i>											
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 and 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	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 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.

2014-15			Note	2015-16		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Service	Gross Expenditure £'000	Gross Income £'000
111,565	6,921	104,644	Education Services	130,339	7,198	123,141
34,810	28,601	6,209	Housing Services (Non-HRA)	36,436	28,612	7,824
12,676	2,263	10,413	Cultural and Related Services	13,111	2,189	10,922
26,022	4,281	21,741	Environmental Services	22,618	4,375	18,243
25,517	6,980	18,537	Roads and Transport Services	24,726	6,712	18,014
7,903	4,852	3,051	Trading Services	8,092	4,691	3,401
10,735	5,660	5,075	Planning and Development Services	11,626	5,288	6,338
72,584	10,645	61,939	Social Work	77,788	11,660	66,128
			Central Services:			
4,537	95	4,442	- Corporate and Democratic Core	5,199	146	5,053
1,758	-	1,758	- Non Distributed Costs	2,479	29	2,450
2,859	1,280	1,579	- Central Services to the Public	2,987	1,249	1,738
310,966	71,578	239,388	Net Cost of Services	335,401	72,149	263,252

Statement of Comprehensive Income and Expenditure



		Other Operating Income and Expenditure:	
	(142)	Net (Gain)/loss on Disposal of Long Term Assets	323
	1,016	Other Operating Income and Expenditure 7	1,338
	874	Total Other Operating Income and Expenditure	1,661
		Financing and Investment Income and Expenditure:	
	18,116	Interest Payable and Similar charges	17,257
	(2,432)	Interest and Investment Income	(2,639)
	5,161	Net Pension Interest Expense	4,730
	20,845	Total Financing and Investment Income and Expenditure	19,348
		Taxation and Non-Specific Grant Income:	
	(174,877)	General Government Grants	(176,473)
	(16,438)	Government Capital Grants and Other Capital Contributions 12	(16,922)
	(31,002)	Non-domestic Rates Redistribution	(27,840)
	(43,371)	Council Tax Income	(43,373)
	(265,688)	Total Taxation and Non-Specific Grant Income	(264,608)
	(4,581)	Deficit/(Surplus) on Provision of Services	19,653
	774	(Surplus)/Deficit on revaluation of Long Term Assets	(578)
	17,675	Other Post Employment Benefits (Pensions) 28.2	(61,209)
	18,449	Other Comprehensive Income and Expenditure	(61,787)
	13,868	Total Comprehensive Income and Expenditure	(42,134)

Balance Sheet



31 March 2015		Note	31 March 2016	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment	14	
281,317		- Other Land and Buildings		258,485
11,088		- Vehicles, Plant, Furniture and Equipment		10,687
183,985		- Infrastructure Assets		201,164
1,669		- Community Assets		1,868
3,992		- Surplus Assets		2,817
30,223		- Assets Under Construction		15,486
	512,274	Total Property Plant & Equipment		490,507
	1,371	Heritage Assets	15	1,539
	647	Intangible Assets	16	577
	7,919	Investment Property	17	8,094
	-	Long Term Investments	25	491
	4,849	Long-Term Debtors	20	4,897
	527,060	Total Long Term Assets		506,105
		Current Assets		
334		Inventories		555
16,914		Short Term Debtors (Net of Impairment)	21	18,141
25		Assets Held for Sale	22	2,381
30,000		Short Term Investments		35,019
23,846		Cash and Cash Equivalents	23	7,940
	71,119	Total Current Assets		64,036
		Current Liabilities		
(33,729)		Short-term Borrowing	25	(18,571)
(35,577)		Short-term Creditors	24	(31,915)
(146)		Capital Grant Receipts in Advance		-
(1,410)		Provisions	27	(2,675)
(1,878)		Other Short Term Liabilities	26	(1,935)
	(72,740)	Total Current Liabilities		(55,096)
		Long-term Liabilities		
(141,435)		Borrowing Repayable within a Period in Excess of 12 Months	25	(141,514)
(76,743)		Other Long-term liabilities	26	(74,809)
(1,566)		Provisions	27	(1,190)
(144,738)		Other Long-term liabilities (Pensions)	28	(94,441)
	(364,482)	Total Long-term Liabilities		(311,954)
	160,957	Total Assets less Liabilities		203,091

Balance Sheet



31 March 2015		Note	31 March 2016	
£'000	£'000		£'000	£'000
		Unusable Reserves		
55,224		- Revaluation Reserve	54,847	
209,599		- Capital Adjustment Account	194,492	
(4,516)		- Financial Instruments Adjustment Account	(4,165)	
(144,738)		- Pensions Reserve	(94,441)	
(5,090)		- Accumulated Absences Account	(4,529)	
	110,479			146,204
		Usable Reserves		
3,742		- Capital Funds	4,027	
669		- Repairs and Renewals Funds	671	
46,067		- General Fund Balance	52,189	
	50,478			56,887
	160,957	Total Reserves		203,091

The Balance Sheet is a snapshot of the value as at the 31 March 2016 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 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 second 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 Unaudited Annual Accounts were authorised for issue on 30 June 2016.

Kirsty Flanagan
Head of Strategic Finance
30 June 2016

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.

2014-15 £'000		Note	2015-16 £'000
(4,581)	Net (Surplus) or Deficit on the Provision of Services		19,653
(17,220)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(36,095)
8,260	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		4,640
(13,541)	Net Cash Flows from Operating Activities	35	(11,802)
8,227	Investing Activities	36	9,799
(12,457)	Financing Activities	37	17,909
(17,771)	Net (Increase) or Decrease in Cash and Cash Equivalents		15,906
(6,075)	Cash and Cash Equivalents at the beginning of the Reporting Period		(23,846)
(23,846)	Cash and Cash Equivalents at the end of the Reporting Period	23	(7,940)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2015-16 financial year and its position at the year-end of 31 March 2016. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 and the Service Reporting Code of Practice for Local Authorities 2015-16 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made,

Notes to the Financial Statements

it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Charges to Revenue for Non-Current Assets

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

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

The council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with loans fund principal charges.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance loans fund principal, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual 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. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognised costs for a restructuring.

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

Notes to the Financial Statements

1.6.3 Post-Employment Benefits

The Council participates in two 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.

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 3.5% (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.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

1.6.4 Post Employment Discretionary Benefits

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

1.7 Events after the Reporting Period

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

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

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

1.8 Financial Liabilities

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

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.

Notes to the Financial Statements

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

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

1.9 Financial Assets

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for the identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Notes to the Financial Statements

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure 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.

1.11 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.

Notes to the Financial Statements

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.

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).

1.12 Intangible Assets

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

1.13 Interests in Companies and Other Entities

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

1.14 Inventories

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

Notes to the Financial Statements

1.15 Investment Properties

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

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

1.16 Leases

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

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

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

1.16.1 The Council as Lessee

a) Finance Leases

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

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.

Notes to the Financial Statements

b) Operating Leases

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

1.16.2 The Council as Lessor

a) Finance Leases

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

1.17 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 2015-16 – 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.

Notes to the Financial Statements

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.

1.18 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*.

1.19 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*.

1.19.1 Recognition

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

1.19.2 Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred 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:

Notes to the Financial Statements

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- School buildings – current value, but because of their specialist nature, are measured at depreciated cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Where decreases in value are identified, they are accounted for by:

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

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

1.19.3 Impairment

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

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

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

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

Notes to the Financial Statements

1.19.4 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an *Asset Held for Sale*. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the 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 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.

1.19.5 Depreciation

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

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

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

1.20 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the 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:

Notes to the Financial Statements

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

1.21 Provisions, Contingent Liabilities and Contingent Assets

1.21.1 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the 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.

1.21.2 Contingent Liabilities

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

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

1.21.3 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.

Notes to the Financial Statements

1.22 Reserves

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

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

1.23 VAT

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

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 2016 for 2016/17).

For this disclosure the standards introduced by the 2016/17 Code include:

- a) Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions)
- b) *Annual Improvements to IFRS 2010-2012 Cycle*
- c) Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)
- d) Amendment to IAS 16 Property, Plant and Equipment and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)
- e) *Annual Improvements to IFRSs 2012-2014 Cycle*
- f) Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- g) The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- h) The changes to the format of the Fund Account and Net Assets Statement.

It is anticipated that the above amendments will not have a material impact on the information provided in the financial statements.

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 2016 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 2015-16 financial statements in respect of the holiday pay accrual is £4.529m.

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 2016 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 £1.1m 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 1062">Sensitivities at 31 March 2016</th> <th data-bbox="1641 895 1906 1062">Approximate % Increase to Employer Obligation</th> <th data-bbox="1906 895 2130 1062">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1223 1062 1641 1150">0.5% decrease in real discount rate</td> <td data-bbox="1641 1062 1906 1150">10%</td> <td data-bbox="1906 1062 2130 1150">59,923</td> </tr> <tr> <td data-bbox="1223 1150 1641 1238">1 year increase in member life expectancy</td> <td data-bbox="1641 1150 1906 1238">3%</td> <td data-bbox="1906 1150 2130 1238">18,366</td> </tr> <tr> <td data-bbox="1223 1238 1641 1326">0.5% increase in salary increase rate</td> <td data-bbox="1641 1238 1906 1326">3%</td> <td data-bbox="1906 1238 2130 1326">20,092</td> </tr> <tr> <td data-bbox="1223 1326 1641 1406">0.5% increase in pension increase rate</td> <td data-bbox="1641 1326 1906 1406">6%</td> <td data-bbox="1906 1326 2130 1406">38,700</td> </tr> </tbody> </table>	Sensitivities at 31 March 2016	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000	0.5% decrease in real discount rate	10%	59,923	1 year increase in member life expectancy	3%	18,366	0.5% increase in salary increase rate	3%	20,092	0.5% increase in pension increase rate	6%	38,700
Sensitivities at 31 March 2016	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000															
0.5% decrease in real discount rate	10%	59,923															
1 year increase in member life expectancy	3%	18,366															
0.5% increase in salary increase rate	3%	20,092															
0.5% increase in pension increase rate	6%	38,700															

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2016, the Council had a balance of sundry debtors of £2.875m. A review of significant balances suggested an allowance of 23.8% (£0.684m) 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 £0.288m.

5. TRANSFERS TO/FROM EARMARKED RESERVES

The Council has ring-fenced £43.272m of the balance on the General Fund as follows:

Ring-fenced Balances	Balance 1 April 2015 £'000	Funds Used £'000	Contributions to/from Funds £'000	New Earmarking agreed during 2015-16 £'000	New Earmarking at end of 2015-16 £'000	Balance 31 March 2016 £'000
Revenue from Additional Council Tax on Second Homes (Strategic Housing Fund)	7,672	(3,083)	-	-	1,992	6,581
Unspent Grants	801	(398)	-	-	471	874
Contributions Carried Forward	203	(51)	-	-	125	277
Unspent Budget Carried Forward	8,039	(2,248)	(1,393)	-	2,681	7,079
School Budget Carry Forwards	737	(737)	-	-	1,209	1,209
Unspent Budget Required for Existing Legal Commitments	145	(1)	-	-	1,042	1,186
CHORD	96	-	-	-	-	96
Revenue Contribution to Capital (Dunoon and Campbeltown Schools)	3,000	-	(2,885)	-	2,690	2,805
Investment in Affordable Housing	9,500	-	(4,500)	-	-	5,000
Severance Costs	-	-	-	3,500	-	3,500
Helensburgh Waterfront	-	-	-	5,579	-	5,579
Argyll, Lomond and the Islands Regeneration Initiative	-	-	-	4,500	-	4,500
Asset Management	-	-	(14)	2,506	-	2,492
Energy Efficiency Fund	-	-	-	-	175	175
Transformation	-	-	-	100	-	100
Other	-	-	(250)	1,313	756	1,819
Total Ring-fenced	30,193	(6,518)	(9,042)	17,498	11,141	43,272
Contingency	3,658	-	1,085	-	-	4,743
Unallocated	12,216	-	(8,042)	-	-	4,174
Total General Fund Balance	46,067	(6,518)	(15,999)	17,498	11,141	52,189

The contingency balance of £4.743m is 2% of the Council's budgeted net expenditure for 2016-17.

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 2016

The income and expenditure of the Council’s principal departments recorded in the budget reports for the 2015-16 year is as follows:

Departmental Income and Expenditure 2015-16	Community Services £'000	Development and Infrastructure Services £'000	Customer Services £'000	Chief Executive's Unit £'000	Total £'000
Fees, Charges and Other Service Income	(20,256)	(38,124)	(41,080)	(137)	(99,597)
Government Grants	(1,781)	(750)	(625)	-	(3,156)
Total Income	(22,037)	(38,874)	(41,705)	(137)	(102,753)
Employee Expenses	88,579	22,239	19,495	2,160	132,473
Other Operating Expenses	75,482	49,855	60,106	144	185,587
Total Operating Expenses	164,061	72,094	79,601	2,304	318,060
Net Cost of Services	142,024	33,220	37,896	2,167	215,307

Departmental Income and Expenditure 2014-15 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	(18,919)	(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

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.

	2015-16 £'000	2014-15 £'000
Cost of Services in Service Analysis	215,307	209,469
Add Services not included in Main Analysis	5,371	4,790
Add Amounts not Reported to Management	43,722	26,336
Remove Amounts Reported to Management not Included in Comprehensive Income and Expenditure Statement	(1,148)	(1,207)
Net Cost of Services in Comprehensive Income and Expenditure Statement	263,252	239,388

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.

2015-16	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	(99,562)	(21)	-	190	(99,393)	-	(99,393)
Surplus or Deficit on Associated and Joint Ventures	-	-	-	-	-	-	-
Interest and Investment Income	(35)	-	-	35	-	(2,639)	(2,639)
Income from Council Tax	-	-	-	-	-	(43,373)	(43,373)
Government Grants and Contributions	(3,156)	(210)	-	-	(3,366)	(221,235)	(224,601)
Total Income	(102,753)	(231)	-	225	(102,759)	(267,247)	(370,006)
Employee Expenses	132,473	2,712	6,718	(14)	141,889	-	141,889
Other Service Expenses	185,587	1,544	3,484	(68)	190,547	47	190,594
Depreciation, Amortisation and Impairment	-	-	33,520	-	33,520	-	33,520
Interest Payments, Net Pension Interest Expense	-	-	-	-	-	21,987	21,987
Precepts, Levies and Requisitions	-	1,346	-	(1,291)	55	1,291	1,346
Gain or Loss on Disposal of Assets	-	-	-	-	-	323	323
Total Operating Expenses	318,060	5,602	43,722	(1,373)	366,011	23,648	389,659
Surplus or Deficit on the Provision of Services	215,307	5,371	43,722	(1,148)	263,252	(243,599)	19,653

2014-15 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	(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)

Notes to the Financial Statements

7. OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.338m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure can be analysed as follows:

Other Operating Income and Expenditure	2015-16 Actual £'000	2014-15 Actual £'000
Dunbartonshire and Argyll & Bute Valuation Joint Board Requisition	1,282	1,282
Equal Pay Settlements and Legal Costs	52	(219)
Other Operating Income and Expenditure not attributable to Services	4	(47)
Total	1,338	1,016

8. AGENCY INCOME

The Council have an on-going agency agreement with Scottish Water to collect domestic water and sewerage charges. During 2015-16 income from this agreement amounted to £0.309m.

Agency Income	2015-16 Actual £'000	2014-15 Actual £'000
Scottish Water	309	318
Total	309	318

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 111 to 112.

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

During 2015-16, 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 has been 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. From 1 April 2016 health and social care services are fully integrated as part of the new Health and Social Care Partnership.

During 2015-16 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 2015-16 income received by the Council from this source amounted to £6.479m and the related expenditure was £8.728m. This can be analysed as follows:

Purpose of Services	Income £'000	Expenditure £'000
Care of the Elderly	2,839	4,174
Provision of Services for People with Learning Disabilities	2,397	3,055
Provision of Services for People with Mental Health Needs	1,243	1,499
Total	6,479	8,728

Notes to the Financial Statements

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.

The Council has paid a service charge of £4.890m (2014-15 £4.954m) which represents the value of the service provided from 1 April 2015 to 31 March 2016. Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2016 - 2017	5,596
2018 - 2020	18,052
2020 - 2025	32,460
2025 - 2027	9,444
Total	65,552

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

11. FEES PAYABLE TO AUDIT SCOTLAND

In 2015-16 the following fees relating to external audit and inspection were incurred:

Auditor's Remuneration	2015-16 £'000	2014-15 £'000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed Auditor	262	285
Total Remuneration	262	285

The fee for 2015-16 includes £3,300 for the audit of the Council's charitable trusts.

Notes to the Financial Statements

12. GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2015-16:

Grant Income	2015-16 £'000	2014-15 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	176,473	174,877
Non Domestic Rates	27,840	31,002
Specific Capital Grant	113	140
General Capital Grant	13,623	13,948
European Regional Development Fund (ERDF)	-	716
SUSTRANS	-	864
Scottish Government - Regeneration Capital Grant Fund	675	-
Strathclyde Partnership for Transport (SPT)	537	-
Other Grants	1,828	744
Other Government Capital Grants	146	26
Total	221,235	222,317
Credited to Services		
Scottish Government Specific Grants	410	373
General Capital Grant - Private Sector Housing Improvement Grants	1,977	1,516
Housing Benefit Subsidy	23,280	23,619
Other Revenue Government Grants	1,332	1,196
Total	26,999	26,704

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 2015-16 is shown in the Remuneration Report on page 34.

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
Trident Taxis	17
MacDougall's Garage	35

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	4,889
<i>Of these, transactions with the following exceeded £10,000:</i>	
Visit Scotland	117
Scotland Excel	65
Convention of Scottish Local Authorities (COSLA)	61
West Highland Housing Association Ltd	661
Dunbritton Housing Association	528
Argyll Community Housing Association (ACHA)	385
Link Group Ltd	647
Fyne Homes Ltd	731
Helensburgh Addiction Rehabilitation Team	12
Oban Addiction Support and Information Services (OASIS)	10
Argyll and Bute Citizens Advice Bureau	76
Kintyre Recycling	161
RE-JIG (Recycling)	19
Fyne Futures	125
SEEMIS	86
South Kintyre Development Trust	566
Islay and Jura Community Enterprise	96
Mid Argyll Community Enterprise	74
Oban and Lorn Community Enterprise - Atlantis Leisure	449
Total	4,869

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 2015-16	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2015-16 £'000
Cost or Valuation							
At 1 April 2015	299,883	28,824	245,190	1,671	4,228	30,223	610,019
Additions	4,716	3,075	5,017	199	49	14,390	27,446
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(8,181)	-	-	-	323	274	(7,584)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(27,772)	-	(51)	-	221	-	(27,602)
Derecognition - Disposals	(724)	(636)	(4,983)	-	(312)	(2)	(6,657)
Assets reclassified (to)/from Held for Sale	9,292	-	202	-	(1,688)	(11,143)	(3,337)
Other movements in cost or valuation		254	17,851	-	-	(18,256)	(151)
At 31 March 2016	277,214	31,517	263,226	1,870	2,821	15,486	592,134
Depreciation and Impairments							
At 1 April 2015	(18,566)	(17,736)	(61,205)	(2)	(236)	-	(97,745)
Depreciation Charge for 2015-16	(11,330)	(3,718)	(5,789)	-	(119)	-	(20,956)
Depreciation written out to the Revaluation Reserve	7,614	-	4,932	-	186	-	12,732
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	3,302	-	-	-	1	-	3,303
Derecognition - Disposals	-	624	-	-	114	-	738
Other movements in depreciation and impairment	251	-	-	-	50	-	301
At 31 March 2016	(18,729)	(20,830)	(62,062)	(2)	(4)	-	(101,627)
Balance Sheet amount at 1 April 2016	258,485	10,687	201,164	1,868	2,817	15,486	490,507
Balance Sheet amount at 1 April 2015	281,317	11,088	183,985	1,669	3,992	30,223	512,274

Comparative 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)
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

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 is re-valued at least every five years. Assets identified as Corporate Surplus Assets are valued in accordance with IFRS 13 - Fair Value Measurement. The Balance Sheet value of Corporate Surplus assets at 31 March 2016 was £2.817m with £2.395m being valued at fair value at 31 March 2016. Level 3 inputs were used for most Corporate Surplus asset valuations.

Revaluations of council owned Land and Property were carried out at 31 March 2016 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out by external valuers, Ryden LLP. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following statement shows the progress of the Council's rolling programme for the revaluation of Other Land and Buildings and Corporate Surplus Assets:

Valued at Fair Value as at:	Other Land & Buildings £'000	Corporate Surplus Assets £'000
31 March 2016	54,330	2,395
31 March 2015	31,806	64
31 March 2014	40,802	334
31 March 2013	120,572	15
31 March 2012	10,975	9
Total Cost or Valuation	258,485	2,817

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 2015-16 total spending on capital projects was £27.748m.

	2015-16 £'000	2014-15 £'000
Opening Capital Financing Requirement	257,556	256,463
Capital Investment:		
Property Plant and Equipment:		
Other Land and Buildings	4,716	8,163
Vehicles, Plant, Furniture and Equipment	3,075	3,778
Infrastructure Assets	5,017	6,292
Community Assets	199	-
Surplus Assets	49	39
Assets Under construction	14,390	19,867
Heritage Assets	25	-
Intangible Assets	277	390
Total Capital Investment	27,748	38,529
Sources of Finance:		
Capital Receipts	(652)	(430)
Government Grants	(16,922)	(16,438)
Capital Financed from Current Revenue	(743)	(1,241)
Repayment of External Loans	(10,792)	(17,843)
Capital Element of Finance Lease Payments	-	-
Capital Element of Schools NPDO Payments	(1,877)	(1,734)
Capital Receipts transferred to Capital Fund	652	430
Capital Receipts Used from Capital Fund	(367)	(148)
Other	(707)	(32)
Total Funding	(31,408)	(37,436)
Closing Capital Financing Requirement	253,896	257,556

Notes to the Financial Statements

14.5 Commitments under Capital Contracts

At 31 March 2016, the Council had commitments on capital contracts of £11.458m. 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 2015 were £12.201m. The major commitments are:

	£'000
Carbon Management Biomass Heating Conversions	1,866
Oban Public Realm	1,113
Rothesay Pavilion	701
Dunoon CHORD	613
Rothesay Enabling Works	489
Campbeltown Office Rationalisation	380
Aqualibrium	211
Eader Glinn	200
Dunoon Hostel	187
Helensburgh Office Rationalisation	180
Corran Halls	288
Helensburgh CHORD	100

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 1.11 on page 58.

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

Movements in 2015-16	Art Collections £'000	Heritage Property £'000	Total £'000
Cost or Valuation			
Net Book Value at 1 April 2015	1,148	223	1,371
Additions	25	-	25
Disposals	(42)	-	(42)
Revaluations	185	-	185
Depreciation	-	-	-
At 31 March 2016	1,316	223	1,539

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 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 2015-16	Carbon Reduction Commitment Allowance	Purchased Software Licences	Total Intangible Assets
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2015	234	1,237	1,471
Additions	242	35	277
Disposals	(234)	-	(234)
Reclassifications	-	5	5
At 31 March 2016	242	1,277	1,519
Depreciation and Impairments			
At 1 April 2015	-	(824)	(824)
Charge for 2015-16	-	(118)	(118)
Disposals	-	-	-
At 31 March 2016	-	(942)	(942)
Balance Sheet amount at 1 April 2016	242	335	577
Balance Sheet amount at 1 April 2015	234	413	647

Notes to the Financial Statements

Comparative 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

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 2016. Revaluations of investment properties were carried out at 31 March 2016 by external valuers, Ryden LLP.

17.1 Movement in Investment Property

The movement in investment property during 2015-16 was:

Movements in 2015-16	Investment Properties £'000
Cost or Valuation	
At 1 April 2015	7,919
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	(128)
Transfers	303
At 31 March 2016	8,094

Notes to the Financial Statements

17.2 Investment Property Income and Expenditure

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

	2015-16 £'000	2014-15 £'000
Rental Income from Investment Property	220	98
Direct operating expenses arising from investment property	(89)	-
Net gain/(loss)	131	98

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 2015-16	Land & Buildings £'000
Cost or Valuation	
At 1 April 2015	93,192
Additions	14
Revaluations	-
At 31 March 2016	93,206
Depreciation and Impairments	
At 1 April 2015	(3,405)
Charge for 2015-16	(1,700)
Revaluations	-
At 31 March 2016	(5,105)
Balance Sheet amount at 1 April 2016	88,101
Balance Sheet amount at 1 April 2015	89,787

Notes to the Financial Statements

18.2 Schools NPDO Finance Lease Liability

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

Movements in 2015-16	£'000
Balance at 1 April 2015	(77,871)
Repayments	1,877
Schools NPDO Finance Lease Liability at 31 March 2016	(75,994)
Split:	
Obligations payable within 1 year	(1,935)
Obligations payable after 1 year	(74,059)
Schools NPDO Finance Lease Liability at 31 March 2016	(75,994)

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
2016 - 2020	8,328	-	30,040	19,837	58,205
2020 - 2025	14,888	933	31,916	28,222	75,959
2025 - 2030	22,156	2,853	23,187	32,360	80,556
2030 - 2035	30,622	3,139	9,843	33,353	76,957
Total	75,994	6,925	94,986	113,772	291,677

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 2015-16 were as follows:

	2015-16 £'000	2014-15 £'000
Land and Buildings	198	231
Vehicles	195	227
Plant and Equipment	171	209
Total	564	667

Notes to the Financial Statements

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2016 to making payments of £0.404m under operating leases comprising the following elements:

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring within 1 year	9	64
Leases expiring between 1 and 5 years	26	199
Leases expiring after 5 years	106	-
Value at 31 March 2016	141	263

20. LONG TERM DEBTORS

	31st March 2016 £'000	31st March 2015 £'000
House Loans	37	43
Waste PPP Historic Contamination Fund	750	750
Charging Orders - Care Home Fees	1,179	1,051
Strategic Housing Fund Loans to Registered Social Landlords	2,831	2,905
Other Long Term Debtors	100	100
Total Long Term Debtors	4,897	4,849

21. DEBTORS

	31 March 2016		31 March 2015	
	£'000	£'000	£'000	£'000
Arrears of Local Taxation	13,970		13,299	
Council Tax				
Less: Provision for Bad Debts	(11,383)		(10,764)	
		2,587		2,535
Housing Benefits Overpayments	1,266		1,105	
Less: Provision for Bad Debts	(1,033)		(900)	
		233		205
Debtor Accounts	2,875		2,478	
Less: Provision for Bad Debts	(684)		(690)	
		2,191		1,788
VAT Recoverable from HMRC		2,999		3,033
Strategic Housing Fund Loans due within 1 Year		1,005		1,186
Other Debtors		9,126		8,167
Total Debtors		18,141		16,914

Notes to the Financial Statements

22. ASSETS HELD FOR SALE

The movement in assets held for sale during 2015-16 was:

Movements	2015-16 £'000	2014-15 £'000
Balance outstanding at start of year	25	153
Assets newly classified as held for sale (Property, Plant and Equipment)	2,907	15
Revaluation losses	-	(2)
Revaluation gains	26	-
Impairment losses	(564)	-
Assets declassified as held for sale (Property, Plant and Equipment)	(13)	(3)
Assets Sold	-	(138)
Balance outstanding at year-end	2,381	25

23. CASH AND CASH EQUIVALENTS

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

	31 March 2016 £'000	31 March 2015 £'000
Cash held by the Authority	64	64
Cash in transit	254	106
Short term deposits with banks	688	14,408
Short term deposits in Money Market Funds	10,750	12,000
Bank Current Accounts (Overdraft)	(3,816)	(2,732)
Total Cash and Cash Equivalents	7,940	23,846

24. CREDITORS

	31 March 2016 £'000	31 March 2015 £'000
Accrued Payrolls and Superannuation	6,421	6,077
Accrued Employer's National Insurance Contributions and PAYE	2,149	2,155
Accrual for Short Term Accumulating Absences	4,529	5,090
Creditors System Liability	4,865	6,297
Accrued Expenditure	4,226	5,566
Other Creditors	9,725	10,392
Total Creditors	31,915	35,577

Notes to the Financial Statements

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 2016		31 March 2015	
	Long Term £'000	Current £'000	Long Term £'000	Current £'000
Investments and Lending				
Loans and Receivables	4,897	88,936	4,849	70,760
Borrowing				
Financial Liabilities at amortised cost	197,067	71,671	218,178	71,183

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 2016 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 2016		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Lending				
Loans and Receivables	93,833	93,901	75,609	75,693
Borrowing				
Financial Liabilities	268,744	326,462	289,361	345,404

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.

Notes to the Financial Statements

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.

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 2016 £'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	11,438	-	-

The information in respect of the Council's debtors can be found in note 20 and 21 on page 89. 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

Notes to the Financial Statements

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 2016 £'000	31 March 2015 £'000
Maturity analysis of financial liabilities		
Less than one year	71,671	71,184
Between one and two years	31,872	11,316
Between two and five years	30,020	26,997
More than five years	135,181	179,864
	268,744	289,361

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 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 2016, with all other variables held constant:

	31 March 2016 £'000
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	76
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for "loan charges"	-
Net effect on Statement of Comprehensive Income & Expenditure	76

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	31 March 2016 £'000
Other accounting presentational changes	
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the notes to the financial statements)	30,877

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.

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 2016 £'000	31 March 2015 £'000
Banks and Money Market Funds	11,438	26,408

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 2016 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 105 to 106.

	31 March 2016 £'000	31 March 2015 £'000
Common Good	110	107
Trust Funds	695	1,258

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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 £76.744m as at 31 March 2016 and comprise the following:

Movements in 2015-16	Opening Balance 31 March 2015 £'000	Movement in Year £'000	Closing Balance 31 March 2016 £'000
Schools NPDO Finance Lease Liability (See note 18.2)	(77,871)	1,877	(75,994)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(78,621)	1,877	(76,744)
Split:			
Short Term Liabilities (due within 1 year)			(1,935)
Long Term Liabilities (due after 1 year)			(74,809)
Total Other Liabilities			(76,744)

27. PROVISIONS

	Opening Balance 31 March 2015 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2016 £'000
SRC Insurance Claims	(21)		14	7	-
Equal Pay Claims	(77)	(12)	12		(77)
Income due to Registered Social Landlords	(68)	(80)			(148)
Reorganisation Redundancy Costs	(91)	(50)	60		(81)
Service Choices Redundancy Costs	-	(937)			(937)
Landfill Sites - Restoration and Aftercare Costs	(1,477)			435	(1,042)
Utilities Provision	(599)			89	(510)
Other Provisions	(643)	(768)	218	123	(1,070)
Total Provisions	(2,976)	(1,847)	304	654	(3,865)
Split:					
Short Term Provisions (due within 1 year)					(2,675)
Long Term Provisions (due after 1 year)					(1,190)
Total Other Liabilities					(3,865)

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 2015-16 amounted to £1.892m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected has been created amounting to £0.148m.

Notes to the Financial Statements

In line with expectations, liabilities have arisen in respect of employees who will be made redundant as a result of operational restructuring and Service Choices. The Council has significant budget savings to make over the next 5 years and there has been a complete service provision review, Service Choices. As a result of Service Choices and other savings agreed as part of the budget process for 2016-17, a number of posts will be removed resulting in increased redundancy costs. In line with normal practice, the Council invited all employees to express an interest in voluntary redundancy and a number of employees have subsequently either taken or have been offered a redundancy package. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2016, a provision of £0.937m has been created during 2015-16. For further information refer to note 32 - Termination Benefits on page 105.

A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. The landfill sites were revalued at 31 March 2016 and the provision for restoration and aftercare reduced to £1.042m. 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, £0.089m has been reversed during 2015-16 resulting in a total provision of £0.510m.

The "other" provisions includes 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 2016-17. Also included within "other" provisions is £0.320m for a potential liability the Council faces from the over claiming of VAT on staff mileage for the period 2012 to 2016 which will require to be repaid to HMRC.

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.

Notes to the Financial Statements

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 2016. These payments have been accrued and are included within the creditors figure on the balance sheet. These have been paid during April 2016. The amounts are as follows:

- Local Government Pension Scheme – £1.297m
- Teachers' scheme – £0.724m

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 2016 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

	2015-16 £'000	2014-15 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
<i>Service cost comprising:</i>		
Current Service Cost	19,689	16,474
Past Service Cost (Including Curtailments)	398	311
Net Cost of Services	20,087	16,785
Net Interest Expense	4,730	5,161
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	24,817	21,946
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on Assets (excluding amounts included in net interest)	3,039	(25,812)
Other Experience	(8,403)	(33,937)
Change in Financial Assumptions	(55,845)	77,424
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(36,392)	39,621
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	(10,912)	(8,726)
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employer's Contributions Payable to the Scheme	13,905	13,220

28.3 Assets and Liabilities in Relation to Post-Employment Benefits

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

	2015-16 £'000	2014-15 £'000
Defined Benefit Obligation at 1 April	651,859	581,522
Current Service Cost	19,689	16,474
Past Service Costs including Curtailments	398	311
Interest Cost	20,918	25,027
Contributions by Scheme Participants	3,812	3,542
Re-measurement Gains and (Losses)	(64,248)	43,487
Estimated Benefits Paid	(20,214)	(18,504)
Defined Benefit Obligation at 31 March	612,214	651,859

Notes to the Financial Statements

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

	2015-16 £'000	2014-15 £'000
Fair Value of Employer Assets at 1 April	507,121	463,185
Re-measurement Gains and (Losses):		
Expected Rate of Return on Pension Fund Assets	(3,039)	25,812
Actuarial Gains and Losses	-	-
Interest Income on Plan Assets	16,188	19,866
Employers Contributions	13,905	13,220
Contributions by Scheme Participants	3,812	3,542
Estimated Benefits Paid	(20,214)	(18,504)
Fair Value of Employer Assets at 31 March	517,773	507,121

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

Local Government Pension Scheme	2015-16 £'000	2014-15 £'000
Present Value of Funded Liabilities	(585,370)	(622,119)
Present Value of Unfunded Liabilities	(26,844)	(29,740)
Fair Value of Employer Assets	517,773	507,121
(Deficit) in the Scheme	(94,441)	(144,738)

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 2016 comprised:

	2015-16 £'000	2014-15 £'000
Cash and Cash Equivalents	17,842	12,460
Equity Instruments (by industry type)		
Consumer	48,561	47,924
Manufacturing	38,791	38,267
Energy and Utilities	15,256	15,056
Financial Institutions	35,726	35,258
Health and Care	20,888	20,614
Information Technology	29,562	29,173
Sub-total Equity Instruments	188,784	186,292
Bonds (by sector)		
Corporate	1	3
Government	-	-
Sub-total Bonds	1	3
Real Estate		
UK Property	55,624	46,332
Overseas Property	-	-
Sub-total Real Estate	55,624	46,332
Private Equity (All)	50,365	49,347
UK		
Investment Funds and Unit Trusts		
Equities	134,395	145,498
Bonds	63,194	64,207
Commodities	176	192
Infrastructure	-	1,714
Other	7,267	921
Sub-total Investment Funds and Unit Trusts	205,032	212,532
Derivatives		
Forward Foreign Exchange Contracts	-	-
Other	125	155
Sub-total Derivatives	125	155
Total Assets	517,773	507,121

Notes to the Financial Statements

Fair Value of Pension Fund Assets	2015-16 £'000	2014-15 £'000
Equity Securities		
Quoted in an Active Market	188,376	185,910
Not Quoted in an Active Market	408	382
Sub-total Equity Securities	188,784	186,292

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	2015-16 %	2014-15 %
Equity Investments	3.5%	3.2%
Bonds	3.5%	3.2%
Property	3.5%	3.2%
Cash	3.5%	3.2%

Mortality assumptions	2015-16 Years	2014-15 Years
Longevity at 65 for current pensioners:		
Men	22.1	22.1
Women	23.6	23.6
Longevity at 65 for future pensioners:		
Men	24.8	24.8
Women	26.2	26.2

Financial Assumptions	2015-16 %	2014-15 %
Rate of Inflation (CPI)	2.2%	2.4%
Rate of Increase in Salaries	4.2%	4.3%
Rate of Increase in Pensions (CPI)	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	3.2%

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 2016-2017.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 is £11.765m. This is based on an assumed pensionable payroll of £60.956m.

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 Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency. The Scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified by the regulations.

The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

The Authority has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Authority is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay. This increased to 17.2% from 1 September 2015. While the employee rate applied is variable it provides an actuarial yield of 9.6% of pensionable pay.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2016, the Authority's own contributions equate to 1.53%.

	2015-16	2014-15
Amount Paid Over (£'000)	5,353	5,028
Rate of Contribution (%)	17.20%	14.90%
Amount of Added Years Awarded by the Council (£'000)	526	525

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 £5.675m.

Notes to the Financial Statements

29. UNUSABLE RESERVES

Movements in the Authority's unusable reserves are detailed in the Statement of Movement in Reserves on pages 44 to 45.

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:

- 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.

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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.

30. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Statement of Movement in Reserves on pages 44 to 45.

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 2015-16	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2015	2,766	976	3,742
Proceeds of Disposals	-	652	652
Transfer to Capital Adjustment Account	-	(403)	(403)
Contribution to Capital Fund From Revenue	-	22	22
Contribution to Loans Fund Charges	-	-	-
Interest Earned	10	4	14
Balance at 31 March 2016	2,776	1,251	4,027

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

Movements in 2015-16	Balance at 31 March 2015 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2016 £'000
Education	599	132	2	(62)	671
Vehicles	70	-	-	(70)	-
Total	669	132	2	(132)	671

Notes to the Financial Statements

31. CONTINGENT LIABILITIES

The Council settled a number of equal pay claims during 2015-16, 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 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.

There are other legal challenges which are on-going and may result in future liabilities.

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 Council's 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 employees who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2014-15 was £0.748m for 24 employees and in 2015-16 was £1.215m for 75 employees. These costs are detailed further in the Remuneration Report on pages 42 to 43.

Therefore termination costs for all Council employees who have accepted redundancy by 31 March 2015 have been accounted for in 2015-16, or in previous financial years.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the 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 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

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

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	8	5	429	429
GM Duncan Trust	-	2	83	83
MacDougall Trust	10	-	610	610
Various Other Trust Funds	5	1	497	497
Total Trust Funds	23	8	1,619	1,619

Notes to the Financial Statements

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.

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 2016. 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 2016

2014-15 Actual £'000		2015-16 Actual £'000
201	Expenditure	202
(80)	Income	(287)
121	(Surplus)/Deficit for the Year	(85)

34.2 Common Good Balance Sheet at 31 March 2016

2014-15 Actual £'000		2015-16 Actual £'000
4,151	Tangible Fixed Assets	4,017
2,098	Investments	2,006
216	Current Assets	175
(2)	Current Liabilities	(4)
6,463	Total Assets less Liabilities	6,194
4,151	Revaluation Reserve	4,022
2,312	Common Good Fund	2,172
6,463	Total Net Worth	6,194

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:

	2015-16 £'000	2014-15 £'000
Net (Surplus)/Deficit on Provision of Services	19,653	(4,581)
Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:		
Statutory Adjustments through Statement of Movement in Reserves	(25,813)	2,900
Transfer to/from Other Statutory Reserves	38	(345)
Increase/(Decrease) in Inventories	221	(56)
Increase/(Decrease) in Debtors	640	599
(Increase)/Decrease in Creditors and Provisions	1,174	(1,213)
Other Revenue Adjustments	(12,355)	(19,105)
	(36,095)	(17,220)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:		
Non Cash Capital	6,517	9,994
Capital Element of Finance Lease Payments	(1,877)	(1,734)
	4,640	8,260
Net Cash Flows from Operating Activities	(11,802)	(13,541)
The cash flows for Operating Activities include the following items:		
Interest Paid on Borrowings	8,919	9,804
Interest Paid on Finance Leases	7,903	8,071
Interest Received on Bank Deposits	(534)	(514)
Net Cash Outflow from Servicing of Finance	16,288	17,361

36. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

	2015-16 £'000	2014-15 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	21,082	28,976
Investments made/(disposed of) during year	5,510	(5,000)
Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(652)	(430)
Other Receipts from Investing Activities	(16,141)	(15,319)
Net Cash Outflow from Investing Activities	9,799	8,227

Notes to the Financial Statements

37. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

	2015-16 £'000	2014-15 £'000
Cash Receipts of Short and Long Term Borrowing	(16,541)	(20,589)
Other Receipts from Financing Activities	744	(1,994)
Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	1,877	1,734
Repayments of Short and Long Term Borrowing	31,829	8,392
Other Payments from Financing Activities	-	-
Net Cash Outflow from Financing Activities	17,909	(12,457)

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.

2014-15 Actual £'000		2015-16 Actual £'000
54,356	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	54,498
1,880	Add Back: RSL Second Home Discount Additional Income	1,892
(12,607)	Less: Other Discounts and Reductions	(12,377)
(926)	Provision for Bad and Doubtful Debts	(934)
42,703	Total	43,079
668	Adjustment to Previous Years' Community Charge and Council Tax	294
43,371	Transfers to General Fund	43,373

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 2015-16 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 2015-16

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,685	9,935	9,406	6,008	7,350	4,091	2,783	242	47,500
Less - Exemptions / Deductions	919	750	1,010	505	571	233	163	49	4,200
- Adjustment for Single Chargepayers	889	1,031	759	435	437	201	112	6	3,870
Effective Number of Properties	5,877	8,154	7,637	5,068	6,342	3,657	2,508	187	39,430
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	3,918	6,342	6,788	5,068	7,751	5,282	4,180	374	39,703
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									510
Nominal Tax Yield									40,213
Less Provision for Non-Collection - 2.01%									808
Council Tax Base 2015-16 - Number of Band D equivalents									39,405

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.

2014-15 Actual £'000		2015-16 Actual £'000
39,832	Gross rates levied and Contributions in Lieu	42,309
	Less:	
(9,734)	Reliefs and other deductions	(10,877)
(29)	Payment of Interest	-
(267)	Provision for Bad and Doubtful Debts	(241)
29,802	Net Non-Domestic Rate Income	31,191
1,200	Contribution (to)/from national non-domestic rate pool	(3,351)
31,002	Transfers to General Fund	27,840

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

	2015-16 £	2014-15 £
Industrial and freight transport subjects	7,677,100	6,650,490
Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	58,701,043	55,639,870
Commercial subjects:		
Shops	13,418,530	13,262,165
Offices	5,577,590	4,933,370
Hotels, Boarding Houses etc.	6,599,075	6,618,475
Others	1,993,560	1,986,020
Total Rateable Value	93,966,898	89,090,390

2. NON-DOMESTIC RATE CHARGE

	2015-16 Pence	2014-15 Pence
Rate Per Pound	48.0p	47.1p
Supplementary Rate Per Pound for Properties over £35,000	1.3p	1.1p

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 2015-16: 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 2015-16	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 2015	(46,067)	(669)	(3,742)	(50,478)	(110,479)	(160,957)	(314)	(6,463)	(167,734)
Surplus/(Deficit) on Provision of Services	19,653	-	-	19,653	-	19,653	29	(85)	19,597
Other Comprehensive Income and Expenditure	-	-	-	-	(61,787)	(61,787)	(1,304)	354	(62,737)
Total Comprehensive Income and Expenditure	19,653	-	-	19,653	(61,787)	(42,134)	(1,275)	269	(43,140)
Total Statutory Adjustments (See Page 44 to 45)	(25,813)	-	(652)	(26,465)	26,465	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(6,160)	-	(652)	(6,812)	(35,322)	(42,134)	(1,275)	269	(43,140)
<i>Other Transfers required by Statute</i>									
Transfer to/from Other Statutory Reserves	38	(2)	367	403	(403)	-	-	-	-
(Increase)/Decrease in Year	(6,122)	(2)	(285)	(6,409)	(35,725)	(42,134)	(1,275)	269	(43,140)
Balance at 31 March 2016 Carried Forward	(52,189)	(671)	(4,027)	(56,887)	(146,204)	(203,091)	(1,589)	(6,194)	(210,874)

The Council's Statement of Movement in Reserves on pages 44 to 45 gives a more detailed analysis of the movement in the Council's usable and unusable reserves during 2015-16.

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 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 Expenditure and Income	-	-	-	-	18,449	18,449	694	52	19,195
Total Comprehensive Expenditure and Income	(4,581)	0	0	(4,581)	18,449	13,868	742	43	14,653
Total Statutory Adjustments (See Page 46 to 47)	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)

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 44.45.

2014-15			Service	2015-16		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
111,565	6,921	104,644	Education Services	130,339	7,198	123,141
34,810	28,601	6,209	Housing Services (Non-HRA)	36,436	28,612	7,824
12,676	2,263	10,413	Cultural and Related Services	13,111	2,189	10,922
26,022	4,281	21,741	Environmental Services	22,618	4,375	18,243
25,517	6,980	18,537	Roads and Transport Services	24,726	6,712	18,014
7,903	4,852	3,051	Trading Services	8,092	4,691	3,401
10,735	5,660	5,075	Planning and Development Services	11,626	5,288	6,338
72,584	10,645	61,939	Social Work	77,788	11,660	66,128
			Central Services:			
4,537	95	4,442	- Corporate and Democratic Core	5,199	146	5,053
1,758	-	1,758	- Non Distributed Costs	2,479	29	2,450
2,922	1,280	1,642	- Central Services to the Public	3,183	1,249	1,934
2,925	2,877	48	Associates Accounted for on an Equity Basis	2,824	2,795	29
313,954	74,455	239,499	Net Cost of Services	338,421	74,944	263,477

Group Statement of Comprehensive Income and Expenditure

		Other Operating Income and Expenditure:	
	(142)	Net (Gain)/loss on Disposal of Fixed Assets	323
	1,016	Other Operating Income and Expenditure	1,338
	874	Total Other Operating Income and Expenditure	1,661
		Financing and Investment Income and Expenditure:	
	18,125	Interest Payable and Similar charges	17,263
	(2,513)	Interest and Investment Income	(2,926)
	5,161	Net Pension Interest Expense	4,730
	20,773	Total Financing and Investment Income and Expenditure	19,067
		Taxation and Non-Specific Grant Income:	
	(174,877)	General Government Grants	(176,473)
	(16,438)	Government Capital Grants and Other Capital Contributions	(16,922)
	(31,002)	Non-domestic Rates Redistribution	(27,840)
	(43,371)	Council Tax Income	(43,373)
	(265,688)	Total Taxation and Non-Specific Grant Income	(264,608)
	(4,542)	(Surplus)/Deficit on Provision of Services	19,597
	774	(Surplus)/Deficit on revaluation of Fixed Assets	(578)
	17,675	Other Post Employment Benefits (Pensions)	(61,209)
	746	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds	(950)
	19,195	Other Comprehensive Income and Expenditure	(62,737)
	14,653	Total Comprehensive Income and Expenditure	(43,140)

Group Balance Sheet



31 March 2015			31 March 2016	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment		
281,317		- Other Land and Buildings	258,485	
11,088		- Vehicles, Plant, Furniture and Equipment	10,687	
183,985		- Infrastructure Assets	201,164	
5,820		- Community Assets	5,885	
3,992		- Surplus Assets	2,817	
30,223		- Assets Under Construction	15,486	
	516,425	Total Property Plant & Equipment		494,524
	1,371	Heritage Assets		1,539
	647	Intangible Assets		577
	7,919	Investment Property		8,094
	4,849	Long-Term Debtors		4,897
	2,098	Long-Term Investments		2,497
	2,596	Investment in Associates		2,973
	535,905	Total Long Term Assets		515,101
		Current Assets		
334		Inventories	555	
16,965		Short Term Debtors (Net of Impairment)	18,155	
25		Assets Held for Sale	2,381	
30,000		Short Term Investments	35,019	
23,904		Cash and Cash Equivalents	7,991	
	71,228	Total Current Assets		64,101
		Current Liabilities		
(33,623)		Short-term Borrowing	(18,465)	
(35,578)		Short-term Creditors	(31,915)	
(146)		Capital Grant Receipts in Advance	-	
(1,410)		Provisions	(2,675)	
(1,878)		Other Short Term Liabilities	(1,935)	
	(72,635)	Total Current Liabilities		(54,990)
		Long-term Liabilities		
(141,435)		Borrowing Repayable within a Period in Excess of 12 Months	(141,514)	
(76,743)		Other Long-term liabilities	(74,809)	
(1,566)		Provisions	(1,190)	
(144,738)		Other Long-term liabilities (Pensions)	(94,441)	
(2,282)		Liabilities in Associates	(1,384)	
	(366,764)	Total Long-term Liabilities		(313,338)
	167,734	Total Assets less Liabilities		210,874

Group Balance Sheet



31 March 2015			31 March 2016	
£'000	£'000		£'000	£'000
55,224		Unusable Reserves		
209,599		- Revaluation Reserve	54,847	
(4,516)		- Capital Adjustment Account	194,492	
(144,738)		- Financial Instruments Adjustment Account	(4,165)	
(5,090)		- Pensions Reserve	(94,441)	
		- Accumulated Absences Account	(4,529)	
	110,479			146,204
		Usable Reserves		
3,742		- Capital Funds	4,027	
669		- Repairs and Renewals Funds	671	
46,067		- General Fund Balance	52,189	
	50,478			56,887
	314	Group Reserves		1,589
	6,463	Common Good Reserves		6,194
	167,734	Total Reserves		210,874

The Balance sheet is a snapshot of the value at the 31 March 2016 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 Unaudited Annual Accounts were authorised for issue on 30 June 2016.

Kirsty Flanagan
Head of Strategic Finance
30 June 2016

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 53 to 66.

- 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 2016.

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 £0.064m towards Scotland Excel in the 2015-16 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 £7.783m. This gives an overall net asset position for the Group of £210.874m.

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 2015-16 and accounted for £2.904m 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 2015-16 the Council contributed £0.176m or 4.14% of the net annual running costs and accounted for £0.069m 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 2015-16 Argyll and Bute Council contributed £1.282m towards estimated running costs and accounted for £2.876m 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

	2015/16 £'m	2014/15 £'m
Argyll and Bute Council has a 48.1% share of:		
Gross Income	2.832	2.931
Net (Surplus)/Deficit	0.416	0.237
Long Term Assets	0.752	0.743
Current Assets	0.727	0.730
Liabilities due within one year	(0.120)	(0.101)
Liabilities due over one year	-	-
Pension Liability	(4.236)	(6.115)
Capital and Revenue Reserves	(2.877)	(4.744)

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 48 to 49) 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 106 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £6.194m.

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 52. 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.

Existing Use Value. The market value of a particular Council property, less the difference between the average rental income between public and private sector properties.

Expected Rate of Return on Pension Assets. The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value. This is the price at which an asset could be exchanged in an arm's length transaction less any grants receivable towards the purchase or use of the asset.

Financial Asset. A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument. Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another.

Financial Instruments Adjustment Account. This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

Financial Liability. An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS). Financial Reporting Standards are issued by the Accounting Standard Board and define proper accounting practice for a given transaction or event.

Fixed Assets. Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Gains/losses on settlements and curtailments. The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged or credited to Non Distributed costs in the Comprehensive Income and Expenditure Statement.

General Fund Balance. This contains the net surplus on the provision of Council services combined with any balances from previous years and any contributions to other funds or reserves made during the year.

Group Accounts. The purpose of group accounts is to show the Council's interest in organisations and companies within the Financial Statements. The Council's shares of the assets and liabilities of these other entities are shown in the Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Group Balance Sheet.

Government Grants. Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the authority.

Heritage Assets. Assets which are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations and are held by the Council of the maintenance of heritage.

International Accounting Standards (IAS). International Accounting Standards are issued by the International Accounting Standards Board and define proper accounting practice for a given transaction or event. IAS's take precedence over other accounting standards in the hierarchy of technical accounting standards.

International Public Sector Accounting Standards (IPSAS), a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Impairment. A reduction in the value of fixed or financial asset below the valuation held on the balance sheet.

Infrastructure Assets. Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets. Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions). The expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories. Inventories may comprise the following: goods or other assets purchased for re-sale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances; and finished goods.

Liquid Resources. Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded on the active market.

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

National Non-Domestic Rates Pool. All non-domestic rates collected by local authorities are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

Net Book Value. The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

Net Realisable Value. The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.

Non-Current Assets. Non-current assets are not expected to be realised within 12 months and are held to provide future economic benefits to the Council.

Non-operational assets. Are assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration. All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax).

Operating Leases. A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets. All items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions). The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensions Reserve. The Pensions Reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Prior Period Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP). Those partnerships enable the council to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the building or refurbishment of the assets.

Residual Value. The net realisable value of an asset at the end of its useful life.

Related Party Transactions. A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Renewal and Repairs fund. This contains funds credited at the Council's discretion from the General Fund and is available for use on capital or revenue expenditure on council assets.

Revaluation Reserve. Records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales.

Service Expenditure Analysis (SEA). An analysis which groups together expenditure on services within headings or divisions as defined in the Service Reporting Code of Practice (SeRCOP).

Specific Government Grants. These are grants received from Central Government in respect of a specific purpose or service.

Unusable Reserves. Those reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences.

Usable Reserve. Those reserves which the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Useful Life. The period over which the local authority will derive benefits from the use of a fixed asset.



Summary Accounts—2015/16

This provides a summary of some of the key issues from the 2015/16 Annual Accounts. It provides information on the Comprehensive Income and Expenditure Statement, the Balance Sheet, Reserves, Cash Flow Statement and also provides a comment on plans for the future.

Comprehensive Income and Expenditure Statement

The comprehensive income and expenditure statement shows the accounting cost of providing services rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

	Actual 15/16 £m	Actual 14/15 £m	Actual Variance Year on Year £m
Net cost of services	263.3	239.4	23.9
Other operating income and expenditure	1.7	0.9	0.8
Finance and investment income and expenditure	19.3	20.8	(1.5)
Total expenditure	284.3	261.1	23.2
Taxation and non specific grants			
General Government Grants	(176.5)	(174.9)	(1.6)
Government Capital Grants and other capital contributions	(16.9)	(16.4)	(0.5)
Non Domestic Rates Redistribution	(27.8)	(31.0)	3.2
Council Tax Income	(43.4)	(43.4)	(0.0)
(Surplus)/deficit on provision of services	19.7	(4.6)	24.3

The net cost of service provision for 2015/16 was £263.3m with total expenditure of £284.3m which was offset by taxation and non-specific grants totalling £264.6m. This left a deficit on the provision of service of £19.7m.

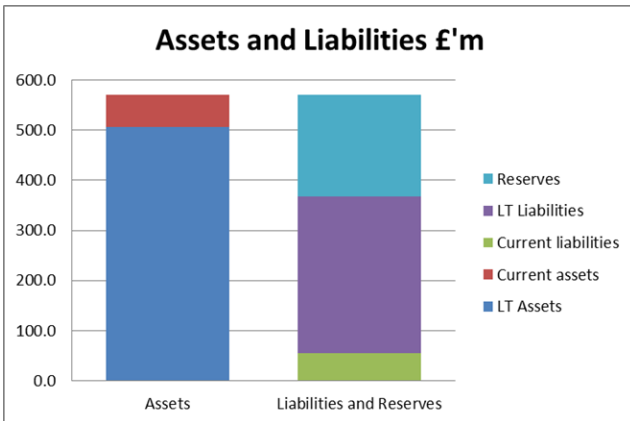
Total expenditure increased by £23.2m from 2014/15. Expenditure on services increased by £23.9m. This was off-

Reconciliation of Comprehensive Income and Expenditure Statement to Budgetary Outturn

The table below sets out a reconciliation of the (Surplus)/Deficit on the provision of services noted within the Comprehensive Income and Expenditure Statement to the revenue budget underspend for 2015/16 of £2.1m.

	£m	£m
Deficit on Provision of Services		(19.7)
Add Back:		
Depreciation	10.7	
Impairments of Asset charged to Services	25.0	
Interest Expense	21.6	
Pension Adjustment	10.9	
Other	0.8	
		69.1
Less:		
Loans Charges	(20.0)	
Capital Funding	(16.9)	
		(36.9)
Surplus on Revenue		12.5
Less: Earmarkings Carried Forward		(10.4)
Revenue Budgetary Outturn Reported to Management - Surplus		2.1

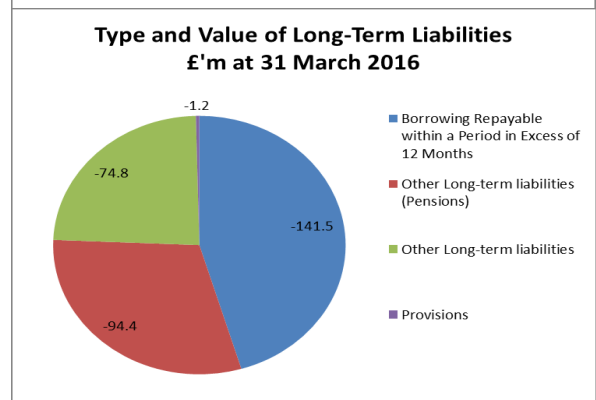
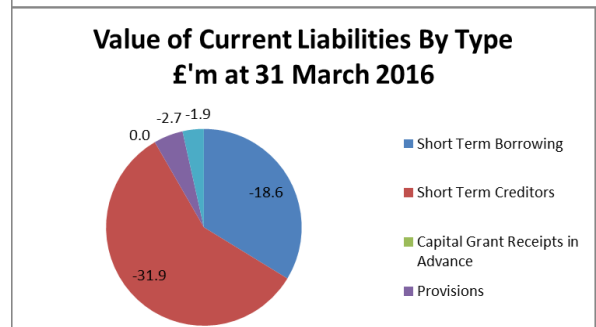
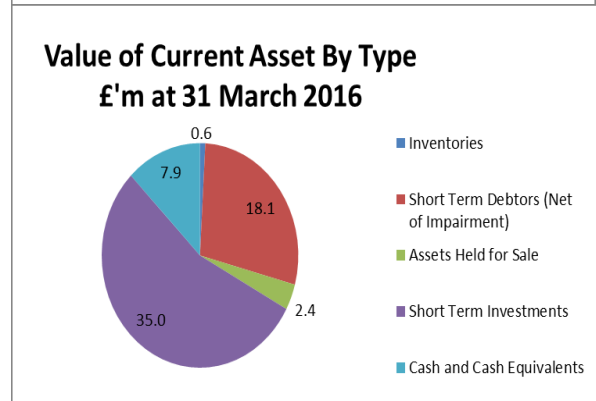
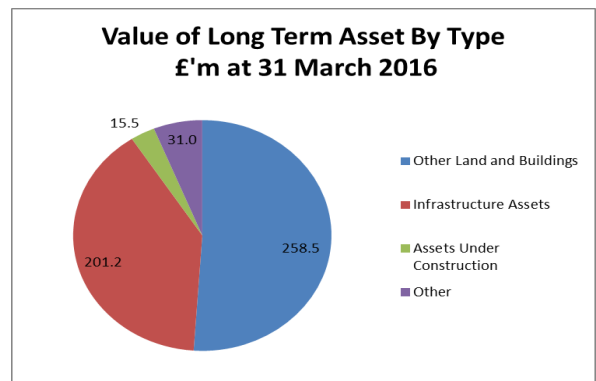
Balance Sheet—our assets and liabilities



The balance sheet shows the value of the assets and liabilities recognised by the council as at 31 March 2016. Net assets (assets less liabilities) are matched by the reserves held by the council.

The net assets of the council increased by £42.1m from £161.0m at 31 March 2015 to £203.1m at 31 March 2016.

Summary of Balance Sheet	31 March 2016 £'m
<p>Long term assets -includes property, plant and equipment as well as other intangible assets. There has been a reduction of £21.0m from £527.1m at 31 March 2015. The main reason for the decrease is due to a downward revaluation of Oban High School, Campbeltown Grammar School and Kirn Primary School to reflect the reduction in the useful life of these assets as they are due to be replaced by new schools.</p>	506.1
<p>Current assets - includes stock, short term debtors, assets held for sale, short term investments and cash. There has been a decrease of £7.1m from £71.1m at 31 March 2015 mainly as a result of a lower level of cash held at year end due to external debt being repaid and not replaced.</p>	64.0
<p>Current liabilities -includes short term borrowing, creditors, provisions and other short term liabilities. There has been a decrease of £17.6m from £72.7m at 31 March 2015 mainly as a result of repayment of external debt which had a life of less than one year.</p>	(55.1)
<p>Long term liabilities - Not due for payment for at least 12 months and comprise borrowing, payments due under the NPDO, provisions and pensions liability. There has been a decrease of £52.5m from from £364.5m at 31 March 2015 mainly as a result of pension liability decreasing due to increased discount factor.</p>	(312.0)
Total reserves	203.1



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:

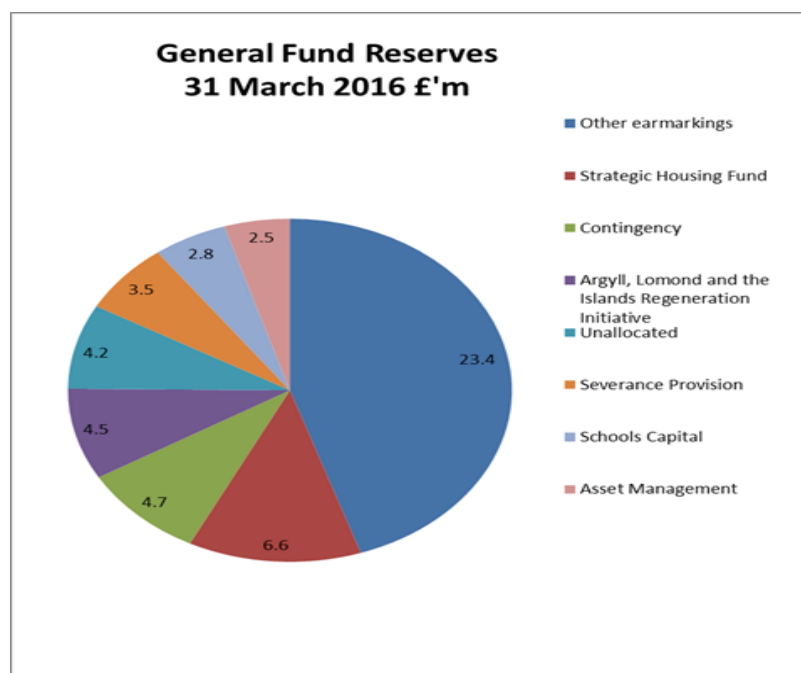
- Required purely for accounting purposes
- Do not represent resources available for the council to use

The council has total reserves of £203.1m, but most of these (£146.2m) are unusable reserves which are purely for accounting purposes and do not represent resources available for use. The usable reserves were £56.9m at 31 March 2016, the main element being the General Fund Balance of £52.2m.

	31 March 2016 £m	31 March 2015 £m
Unusable reserves	146.2	110.5
Usable reserves:		
Capital fund	4.0	3.7
Renewal and repairs fund	0.7	0.7
General Fund: Contingency	4.7	3.7
General Fund: Strategic Housing Fund	6.6	7.7
General Fund: Schools Capital	2.8	3.0
General Fund: Argyll, Lomond and the Islands Regeneration Initiative	4.5	0.0
General Fund: Asset Management	2.5	0.0
General Fund: Severance Provision	3.5	0.0
General Fund: Other earmarkings	23.4	19.5
General Fund: Unallocated	4.2	12.2
Total reserves	203.1	161.0

Unusable reserves have increased by £35.7m from £110.5m at 31 March 2015 to £146.2m at 31 March 2016 mainly due to an increase in the pension liability.

Usable reserves have increased by £6.5m from £50.4 at 31 March 2015 to £56.9m at 31 March 2016, mainly due to an increase to the amounts earmarked.



Cashflow

The cashflow statement shows the changes in cash and cash equivalents of the Council during the financial year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	31 March 2015 £'m	31 March 2016 £'m	Movement £'m	
Net Cashflows from Operating Activities	-13.5	-11.8	1.7	Expenditure being funded from taxation and grant income has decreased by £1.7m
Investing Activities	8.2	9.8	1.6	Cash outflows for investments have increased by £1.6m
Financing Activities	-12.5	17.9	30.4	Inflow £12.5 in 14/15 and outflow of £17.9m in 15/16 - repayment of short and long term borrowing during year

Operating Activities is an indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided.

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.

Financing Activities cashflows are useful for predicting claims on future cash flows by providers of capital (i.e. borrowing).

Plans for the Future

The Council set a one year revenue budget for 2016-17 and a four year capital plan which focused on protecting core services and jobs, delivering what people want and building prosperity within the area. The budget has put us in a position to invest in creating economic growth. The package of measures agreed included an investment, from our financial reserves and capital funding, of some £75 million designed to attract more people to live and work here, securing employment and prosperity for our area.

One of the main elements of the Council's budget strategy for 2016-17 was Service Choices, which was an approach to plan for the estimated funding reductions by aligning the available budget to Member's priorities. Service Choices savings options were agreed not only for 2016-17 but for 2017-18 and beyond to allow for preparation time for some saving options where significant redesign of services is required to deliver the longer term savings. The future service choices savings already agreed by Members, the significant investments agreed as part of the budget in February 2016 to support the economy and deliver additional income streams as well as the transformation work that the Council is committed and is continuing to pursue, prepare the Council for the financial challenges ahead.

The full set of annual accounts is available on our website at:

http://www.argyll-bute.gov.uk/sites/default/files/unaudited_annual_accounts_2015-2016.pdf

The Council also produces an Annual Report which provides residents with further detail on how the money has been spent. The Annual Report for 2015-16 will be produced later this year, however, the 2014-15 Annual Report is available on the following web-link:

https://www.argyll-bute.gov.uk/sites/default/files/annual_report_updated_January_2016--post_prs.pdf



ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****30 JUNE 2016**

**REVENUE BUDGET MONITORING – FOR THE YEAR 2015-16
CORPORATE OVERVIEW**

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2015-16. The report also summarises the movement in the General Fund balance.
- 1.2 The performance against budget for financial year 2015-16 was an overall underspend of £1.384m (0.55%).
- 1.3 There was a net overspend of £0.074m in relation to departmental expenditure and a net underspend of £0.975m in relation to other central/non-departmental costs. The remainder of the underspend of £0.483m is in relation to funding and the over-recovery of Council Tax income. Included within the overall underspend are a number of one-off budget underspends which are unlikely to be recurring in future years.
- 1.4 The General Fund Balance has moved from £46.067m at the end of financial year 2014-15 to £52.189m at the end of 2015-16. The movement represents an increase of £6.122m which is due to a small planned budgeted contribution to reserves, the contributions to and from earmarked reserves and the favourable year-end underspend position.
- 1.5 There is a separate report that details the earmarked reserves; it outlines proposals to earmark a total of £43.272m from the General Fund balance, leaving £8.917m unallocated. Of this £4.743m is required to be held as the General Fund contingency, leaving £4.174m available to be directed towards the delivery of the Single Outcome Agreement (SOA), as previously agreed by Members.

**REVENUE BUDGET MONITORING – FOR THE YEAR 2015-16
CORPORATE OVERVIEW**
2. INTRODUCTION

2.1 This report summarises the revenue budget position of the Council as at the end of the financial year 2015-16. The overall revenue budget monitoring statement for the Council is attached as Appendix 1 and departmental outturn summaries are attached as Appendix 2.

3. RECOMMENDATION

3.1 Members to note the revenue budget monitoring position as at the end of financial year 2015-16.

3.2 Members to note that the unallocated balance within the General Fund as at 31 March 2016, after taking into the account the contingency, amounts to £4.174m.

4. DETAIL
4.1 Final Outturn Variance (Un-audited)

The performance against budget for the financial year 2015-16 was an overall underspend of £1.384m (0.55%). A summary of the final outturn position is noted within the table below:

Final Outturn Variance (Un-audited)				
2015-16				
Department	Actuals	Budget	Variance	
		Adjusted for Earmarking	(Overspend) Underspend	% age
	£	£	£	
Chief Executive's Unit	2,166,866	2,169,953	3,087	0.14%
Community Services	84,255,041	84,692,627	437,586	0.52%
Customer Services	37,895,604	38,110,876	215,272	0.56%
Development and Infrastructure Services	33,220,057	33,253,215	33,159	0.10%
Integration Services	57,769,324	57,005,844	(763,480)	-1.34%
Total Dept Controllable Expenditure	215,306,892	215,232,515	(74,377)	-0.03%
Joint Boards	1,345,998	1,351,980	5,982	0.44%
Loans Charges	20,001,921	21,373,436	1,371,515	6.42%
Pension Costs	2,983,857	1,904,249	(1,079,608)	-56.69%
Other	1,924,036	2,601,450	677,414	26.04%
Total Central/Non Dept Expenditure	26,255,812	27,231,115	975,304	3.58%
Total Expenditure	241,562,703	242,463,630	900,927	0.37%
Total Funding	254,088,300	253,605,550	482,750	0.19%
UNDERSPEND			1,383,677	

4.2 Departmental Budget Outturn

4.2.1 The performance against budget shows departmental controllable expenditure being £0.074m (0.03%) over budget. Included in this outturn position is an adjustment to update the 2015-16 budget to reflect the new amounts earmarked by departments at the year-end, these new earmarkings total £5.398m.

4.2.2 The main reasons giving rise to the departmental overspend of £0.074m are noted below and further detail is provided within the departmental outturn reports in Appendix 2.

- Community Services was underspent by £0.438m mainly as a result of underspends in school meals and savings generated as a result of a restructuring process within Education Services which was concentrated on Primary Schools. The restructuring process looked at the utilisation of teachers and class sizes.
- Customer Services was underspent by of £0.215m mainly in relation to increased recoveries in housing benefits, over recovery of vacancy savings and procurement savings within school and public transport. These have been offset by overspends in HR resources to support Service Choices (previously agreed by P&R 20 August 2015), Castle Toward security and election costs.
- Integration Services was overspent by £0.763m resulting from an increase in demand for adult care services offset by one-off underspends within Children and Families Service.
- Development and Infrastructure Services was underspent by £0.033m mainly in relation to over recovery of vacancy savings due to recruitment freeze and post savings in advance of service choices, underspends in street sweeping and street lighting and increased income in car parking and crematorium. These have been partly offset by overspends in winter maintenance and piers and harbours.

4.3 Central/Non-Departmental Budget Outturn

4.3.1 The performance against budget for central/non-departmental expenditure was a net underspend of £0.975m. Included in this outturn position is an adjustment to update the 2015-16 budget to reflect the new amounts earmarked at the year-end, these new earmarkings total £3.752m.

4.3.2 Joint Board payments were £0.006m (0.44%) below budget, this will be a non-recurring saving in 2015-16 as the budget has been right-sized to reflect the required requisition level.

4.3.3 The Council is required to meet the cost of severance as a result of posts being removed as a result of Service Choices. The costs are accounted for when the Council is demonstrably committed to make the payments, regardless of the timing of the savings being removed from budgets. All redundancy or retirement packages agreed by 31 March 2016 have been accounted for in the 2015-16 outturn, even if the employee is planned to leave in a future year. The Council made a provision of £3.500m for severance costs as part of its budget in February 2016 and the majority of this overspend will be the first call on this provision.

4.3.4 Loans charges were £1.372m (6.42%) below budget. The Treasury Management function continually reviews borrowing requirements and due to large internal balances borrowing decisions have been deferred resulting in savings on interest payments. Loan charges are budgeted in line with the capital financing requirement and will be impacted by any delays in capital projects or changes in legislation. Due to the change from lease finance to borrowing for the financing of vehicle purchases there was a one-off saving in principal repayments in 2015-16. The provision for Loans Charges have been reviewed and the budget updated for 2016-17.

4.3.4 There were other underspends amounting to £0.677m, the main variances are as noted below:

- Underspend in utility type costs across the Council. This is mainly as a result of favourable market prices in respect of electricity and heating oil, increased monitoring of usage to ensure efficiency savings were obtained and a one off reversal of a previously held provision for utility costs that are no longer required.
- Superannuation costs were expected to rise due to changes in legislation regarding earnings that should be used to calculate pension scheme costs. Due to the level vacancy savings achieved, which directly impacted the potential costs, there was an underspend. This has already been adjusted for within the 2016-17 base budget.
- The pay award for 2015-16 was 0.5% less than budgeted which resulted in a underspend.
- The Council collected additional income from the double Council Tax charge on empty homes.
- A saving within Elected Members cost centre of £0.130m.

4.4 Funding Budget Outturn

4.4.1 The performance against budget for Funding was a net underspend/over-recovery of income of £0.483m. Included in this outturn position is an adjustment to update the 2015-16 budget to reflect the new amounts earmarked at the year-end, these new earmarkings total £1.992m and relate solely to the Strategic Housing Fund.

4.4.2 There is a year-end favourable position in relation to Council Tax of £0.483m where collections have exceeded the budget. Part of the variance relates to a review of the bad debt provision at the year-end which has been reduced in line with collection rates, in addition to increased collection. The budget for 2016-17 has been increased and this over recovery in 2015-16 gives re-assurance that the budget for 2016-17 is achievable.

4.5 Impact on the General Fund

4.5.1 The movement in the General Fund balance is different to the underspend as noted above as it also takes into consideration the earmarked reserve withdrawals and contributions. The General Fund balance at 31 March 2015 was £46.067m and has increased to £52.189m as at 31 March 2016, representing an increase of £6.122m.

- 4.5.2 There were £6.518m of earmarked reserves released to services and spent during 2015-16 and supplementary estimates of £0.039m drawn down for the Waverley and Hebridean Air Services. The contributions to earmarked reserves amount to £11.141m and there was a budgeted contribution of £0.154m agreed as part of the 2015-16 budget. As noted above the overall underspend amounts to £1.384m for the year. All these factors contribute to the increase in the General Fund balance as summarised within the table below:

	£m
Balance on General Fund 31 March 2015	46.067
Released sums earmarked to service budgets 2015-16	(6.518)
Supplementary Estimates agreed during 2015-16	(0.039)
Contributions to earmarked reserves 2015-16	11.141
Budgeted contribution to General Fund 2015-16	0.154
Overall budget underspend as above	1.384
Balance on General Fund 31 March 2016	52.189

- 4.5.3 The closing balance on the General Fund as at 31 March 2016 is £52.189m. A decision was previously taken by Members to direct the unallocated balance over the contingency towards the delivery of the Single Outcome Agreement. The revised unallocated balance is summarised in the table below:

	£m
Balance on General Fund 31 March 2016	52.189
Earmarked Balances at 31 March 2016 (as per Earmarked Reserves report)	(43.272)
Contingency Balance increased 2.0% of net expenditure	(4.743)
Unallocated balance as at 31 March 2016	4.174

5. CONCLUSION

- 5.1 The performance against budget for financial year 2015-16 was an overall underspend of £1.384m (0.55%). The General Fund balance has increased by £6.122m which reflects a small planned budgeted contribution to reserves, the contributions to and from earmarked reserves and the favourable year-end underspend position.

6. IMPLICATIONS

- 6.1 Policy – None.
- 6.2 Financial - Report notes the underspend against budget during 2015-16 and the movement in the General Fund balance.
- 6.3 Legal - None.
- 6.4 HR - None.
- 6.5 Equalities - None.
- 6.6 Risk - None.
- 6.7 Customer Service - None.

Councillor Dick Walsh, Council Leader - Policy Lead Strategic Finance

**Kirsty Flanagan
Head of Strategic Finance
20 June 2016**

APPENDICES

Appendix 1 - Overall Revenue Budget Monitoring Statement 2015-16
Appendix 2 - Departmental 2015-16 Outturn Summaries

ARGYLL AND BUTE COUNCIL - SUMMARY OF ACTUAL AND BUDGET COMPARISON 2015-16

Appendix 1

Department	Actual 2015-16	Budget 2015-16	Adjustment for Funds Earmarked in General Fund Reserve										Adjusted Budget 2015-16	"Real Variance" (Over)/und erspend
			Income from council tax on 2nd homes	Unspent Grant monies carried forward to 2016-17	Third Party Contributio ns carried forward to 2016-17	CHORD	DMR School Carry Forwards	Previous Council Decision	Energy Reinvestment Fund	Existing Legal Commitments	NPDO	NEW Unspent Budget Proposals		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Expenditure														
Chief Executive's Unit	2,166,866	2,228,383										58,430	2,169,953	3,087
Community Services	84,255,041	87,205,863		344,428	9,251		1,209,616	9,942			500,000	440,000	84,692,627	437,586
Customer Services	37,895,604	39,938,994		126,835				174,283			792,250	194,750	38,110,876	215,272
Development and Infrastructure Services	33,220,057	34,135,715						481,000			250,000		33,253,215	33,159
Integration Services	57,769,324	57,122,015			116,171								57,005,844	(763,480)
Total Departmental Expenditure	215,306,892	220,630,970	0	471,263	125,422	0	1,209,616	665,225	0	1,042,250	1,040,000	844,680	215,232,515	(74,377)
Joint Boards	1,345,998	1,351,980											1,351,980	5,982
Loans Charges	20,001,921	21,373,436											21,373,436	1,371,515
Severance and Unfunded Pension Costs	2,983,857	1,904,249											1,904,249	(1,079,608)
Other	1,924,036	6,352,997						300,000	175,247		1,650,000	1,626,300	2,601,450	677,414
Total Non-Departmental Expenditure	26,255,812	30,982,662	0	0	0	0	0	300,000	175,247	0	1,650,000	1,626,300	27,231,115	975,304
Total Expenditure	241,562,703	251,613,633	0	471,263	125,422	0	1,209,616	965,225	175,247	1,042,250	2,690,000	2,470,980	242,463,630	900,927
Funding														
AEF & NDR Income	204,313,000	204,310,927											204,310,927	2,073
Council Tax	43,372,595	40,900,000	1,991,918										42,891,918	480,677
Budgeted/withdrawn from Earmarked Reserves	6,517,967	6,517,967											6,517,967	0
Supplementary Estimates Approved	38,275	38,275											38,275	0
Budgeted Contribution to General Fund Balance	(153,537)	(153,537)											(153,537)	0
Total Funding	254,088,300	251,613,632	1,991,918	0	0	0	0	0	0	0	0	0	253,605,550	482,750
Under/(Overspend)	12,525,597	0	1,991,918	471,263	125,422	0	1,209,616	965,225	175,247	1,042,250	2,690,000	2,470,980	11,141,920	1,383,677

REVENUE BUDGET MONITORING 2015-16 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2015-16	Budget 2015-16	Unspent Grant monies carried forward to 2016-17	Third Party Contributions carried forward to 2016-17	Existing Legal Commitments	DMR School Carry Forwards	Previous Council Decision	Revenue Contribution to Capital - NPDO/ESA 10/Helenburgh Office	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Chief Executive's Unit	Chief Executive	302,735	307,333								307,333	4,598	1.5%	Outwith Reporting Criteria.
Chief Executive's Unit	Head of Strategic Finance	1,864,130	1,921,050							58,430	1,862,620	(1,510)	-0.1%	Outwith Reporting Criteria.
Chief Executive's Unit Total		2,166,866	2,228,383	0	0	0	0	0	0	58,430	2,169,953	3,087		

REVENUE BUDGET MONITORING 2015-16 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2015-16	Budget 2015-16	Unspent Grant monies carried forward to 2016-17	Third Party Contributions carried forward to 2016-17	Existing Legal Commitments	DMR School Carry Forwards	Previous Council Decision	Revenue Contribution to Capital - NPDO/ESA 10/Helenburgh Office	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Community Services	Executive Director of Community Services	368,084	306,564								306,564	(61,520)	-20.1%	The overspend arises as a result of a year-end adjustment for the provision of Community Services debt.
Community Services	Head of Community and Culture	12,713,580	12,927,367	137,871	9,251			9,942		30,000	12,740,303	26,724	0.2%	Outwith Reporting Criteria.
Community Services	Head of Education	71,173,378	73,971,932	206,557			1,209,616		500,000	410,000	71,645,760	472,382	0.7%	The underspend arises as a result of an in-year review of budgets across the Education service. This included a review of school staffing entitlements and an underspend in prepared meals.
Community Services Total		84,255,041	87,205,863	344,428	9,251		1,209,616	9,942	500,000	440,000	84,692,627	437,586		

REVENUE BUDGET MONITORING 2015-16 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2015-16	Budget 2015-16	Unspent Grant monies carried forward to 2016-17	Third Party Contributions carried forward to 2016-17	Existing Legal Commitments	DMR School Carry Forwards	Previous Council Decision	Revenue Contribution to Capital - NPDO/ESA 10/Helenburgh Office	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Customer Services	Executive Director of Customer Services	12,706,215	13,960,946			750,000			540,000	134,750	12,536,196	(170,019)	-1.4%	Year-end underspend in NPDO was previously agreed to be earmarked for the new school projects. The over-recovery of vacancy savings and other year-end underspends have been earmarked for an expected legal challenge. The overall overspend is as a result of this earmarking, which is being accommodated from within the overall favourable departmental outturn position.
Customer Services	Head of Customer and Support Services	7,686,846	7,951,939	96,835							7,855,104	168,258	2.1%	Relatively small underspends across the service partly due to additional vacancy savings and reductions in printing and postages in advance of service choices. Additional favourable outturn position in Housing Benefits mainly due to the recovery of overpayments.
Customer Services	Head of Facility Services	12,080,538	12,667,414			42,250				60,000	12,565,164	484,627	3.9%	Underspend in relation to School and Public Transport due to a reduction in demand on this budget due to procurement savings, the transfer of some routes to in-house provision and lower inflationary increases on contracts. This position was projected and the budget has been reduced in line with this for 2016-17 as part of the service choices process.
Customer Services	Head of Governance and Law	2,013,347	2,015,929	30,000				25,000			1,960,929	(52,418)	-2.7%	Overspend in relation to Elections and the funding of by-election costs.
Customer Services	Head of Improvement and HR	3,408,657	3,342,765					149,283			3,193,482	(215,175)	-6.7%	Anticipated overspend of £194k in relation to the service choices team for HR, the balance of previously approved funding for this will be earmarked. The remaining overspend is due to unplanned legal fees.
Customer Services Total		37,895,604	39,938,994	126,835	0	792,250	0	174,283	540,000	194,750	38,110,876	215,272		

REVENUE BUDGET MONITORING 2015-16 - DEPARTMENTAL OBTURN SUMMARIES

Department	Service	Actuals 2015-16	Budget 2015-16	Unspent Grant monies carried forward to 2016-17	Third Party Contributions carried forward to 2016-17	Existing Legal Commitments	DMR School Carry Forwards	Previous Council Decision	Revenue Contribution to Capital - NPDO/ESA 10/Helenburgh Office	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Development and Infrastructure Services	Executive Director of Development and Infrastructure Services	1,246,921	1,822,505			250,000		456,000			1,116,505	(130,415)	-11.7%	An over recovery of vacancy savings has been utilised to fund earmarkings relating to a previous council decision and a legal commitment. The net overspend has been accommodated within the overall underspend for the department.
Development and Infrastructure Services	Head of Economic Development	4,304,941	4,375,320					25,000			4,350,320	45,379	1.0%	This relates to an underspend on staff costs not taken as vacancy savings
Development and Infrastructure Services	Head of Planning and Regulatory Services	3,149,414	3,168,879							21,500	3,147,379	(2,035)	-0.1%	Outwith Reporting Criteria.
Development and Infrastructure Services	Head of Roads and Amenity Services	24,518,780	24,769,011							130,000	24,639,011	120,230	0.5%	This variance relates to a variety of over and underspends as follows; Additional income from Car parking/DPE £248k plus Cemeteries & Crematorium £126k; Underspends in Waste Collection £134k, Street Lighting Electricity £95k plus Street Sweeping £ 73k. These are partially offset by overspends in Piers & Harbours £263k plus Winter Maintenance £136k
Development and Infrastructure Services Total		33,220,057	34,135,715	0	0	250,000	0	481,000		151,500	33,253,215	33,159		
Integration Services	Chief Officer Integration	553,321	536,299								536,299	(17,023)	-3.2%	The overspend arises due to higher than expected spend on the Social Work Central Repairs Account and the purchase of computer software licenses. These are partially offset by underspend on relocation costs, equipment leasing costs, postage costs and telephone call charges.
Integration Services	Head of Adult Care	43,856,731	42,852,408		66,171						42,786,237	(1,070,494)	-2.5%	The overspend arises due to a number of over and underspends across Adult Services. The most significant are overspends on homecare and care home placements for older people and supported living services for people with physical and learning disabilities arising from increased service demand and complexity. These are partially offset by underspends on addictions services, day services and care home placements for people with learning disabilities and supported living and community support services for people with mental health difficulties where service demand was lower than expected.
Integration Services	Head of Children and Families	13,359,272	13,733,308		50,000						13,683,308	324,036	2.4%	The underspend arises due to a number of under and overspends across Children and Families. The most significant are underspends in relation to Kinship Care allowances and services supporting young people leaving care and children affected by disability, arising from a combination of lower than expected service demand and delays in the implementation of Kinship Care Orders and a new, Scottish Government lead, allowance regime for Kinship Carers. These underspends are partially offset by an overspend in the Children's Houses arising mainly from increased staffing provision required to support several extremely vulnerable young people.
Integration Services Total		57,769,324	57,122,015	0	116,171	0	0	0	0	0	57,005,844	(763,480)	-1.3%	
Grand Total		215,306,892	220,630,970	471,263	125,422	1,042,250	1,209,616	665,225	1,040,000	844,680	215,232,515	(74,377)		

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ARGYLL AND BUTE COUNCIL

COUNCIL

CHIEF EXECUTIVE'S UNIT

30 JUNE 2016

EARMARKED RESERVES – 2015-16 YEAR-END**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund, new balances earmarked at the end of 2015-16 that qualify for automatic carry forward and request approval for 15 new unspent budget earmarking proposals.
- 1.2 The earmarked balance in the General Fund as at 31 March 2015 was £30.193m. Of this balance £6.518m has been spent during 2015-16 and £9.042m will be transferred back to the General Fund. The remainder is planned to be spent in future years.
- 1.3 There are 15 new unspent budget earmarked proposals totalling £2.471m with supporting business cases for approval:

Department	Description	Appendix	£000
Chief Executive's Unit	Strategic Finance: AAT programme, Internal Audit, Digital Records Project	1a	58
Community Services	Written in the Landscape project	1b	30
Community Services	Carry forward in respect of 3 Government Initiatives where grant funding has been received: <ul style="list-style-type: none"> • Developing the Young Workforce • GIRFEC • Languages 1+2 	1c	307
Community Services	National Improvement Framework – Literacy and Numeracy	1d	103
Customer Services	IKEN – Case Management and Time Recording	1e	35
Customer Services	Campbeltown Office Rationalisation	1f	60
Customer Services	Pathfinder North – Scottish Wide Area Network Implementation	1g	100
Customer Services	Provision for Local Elections in 2017	1h	300
Customer Services	Modern Apprentices and Growing our Own	1i	226
Customer Services	Leadership Development	1j	50
Development and Infrastructure	Waste Management Model	1k	130
Development and Infrastructure	Development Policy	1l	22

Development Infrastructure	and	Winter Maintenance – April 2016	1m	200
Development Infrastructure	and	Transformation Project Management	1n	100
Development Infrastructure	and	Maintenance of 3G Pitches	1o	750
Total				2,471

- 1.4 There are new balances totalling £8.671m that qualify for automatic carry forward at the end of 2015-16 and new balances totalling £17.498m that were agreed by Council during 2015-16 (the majority agreed as part of the budget in February 2016).
- 1.5 The new earmarked balance as at 31 March 2016 amounts to £43.272m. The most significant elements of this balance relate to the Strategic Housing Fund £6.581m, Investment in Affordable Housing £5.000m, which will generate an income stream which will finance borrowing for the schools projects, Helensburgh Waterfront £5.579m, Argyll Lomond and the Islands Regeneration Initiative £4.500m and an allowance for future severance £3.500m.

EARMARKED RESERVES - 2015-16 YEAR-END

2. INTRODUCTION

- 2.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund, new balances earmarked at the end of 2015-16 that qualify for automatic carry forward and request approval for 15 new unspent budget earmarking proposals.

3. RECOMMENDATIONS

- 3.1 Members to approve the 15 new unspent budget earmarked reserve proposals totalling £2.471m, as per the business cases submitted and as outlined within Appendix 1.
- 3.2 Members to note the new balances at the end of 2015-16 that qualify for automatic carry-forward as outlined within Appendix 2.
- 3.3 Members to note the previously approved unspent budget earmarked reserves and the justification for continuing to earmark these as outlined within Appendix 3.
- 3.4 Members to note that £9.042m of earmarked balances will be released back into the General Fund, this is a combination of balances no longer required and balances agreed to be released as part of the budget agreed in February 2016.
- 3.5 Members to note the other balances contained within Appendix 4, both previously earmarked and new balances that have been subject to a previous Council decision.
- 3.6 Members to approve that £0.097m be reallocated from the PVG Retrospective Phase earmarking to the Resourcelink Review.

4. DETAIL**4.1 Background**

- 4.1.1 The Council has previously agreed the following in respect of earmarked balances in the General Fund:
- The balances in relation to the Strategic Housing Fund, CHORD and unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools.
 - Any unspent grants and unspent contributions from external bodies are earmarked. This is on the basis that the monies would have to be returned/repaid if not used for the purpose intended.
 - Any unspent budget that relates to existing policy commitments arising from a previous Council decision or is required to meet an existing legal commitment

is earmarked.

4.1.2 Outwith the situations noted above there will be no automatic carry forward of unspent budget. Earmarking of funds in relation to unspent budget and not covered by the criteria above are reported to Council for approval and supported by a business case.

4.2 New Earmarked Reserves

4.2.1 Appendix 1 provides detail of the new unspent budget proposals at the end of the 2015-16 financial year, these proposals total £2.471m. Council are asked to review these new proposed earmarked balances together with the business cases developed by services which are included as Appendices 1a to 1o.

4.2.2 There are also new earmarked balances for the 2015-16 financial year which qualify for automatic carry forward in line with the conditions outlined in paragraph 4.1.1. These total £8.671m and are outlined in Appendix 2.

4.2.3 The automatic carry forward amount includes earmarking for Employability and Christmas Lights. Council agreed in November 2015 to make a provision for the anticipated deficit in the employability project by the end of the contract and they further agreed in February 2016 to fund the Christmas lights for a period of 3 years. Due to the favourable year-end position, these two issues can be funded from 2015-16 approved resources and the previous earmarking can be returned to the General Fund.

4.3 Previously Approved Balances

4.3.1 Appendix 3 outlines the previously agreed earmarked balances from unspent budget with a note on the plans for use and in some instances further justification of why the amounts remain earmarked. A spending profile has been included for each earmarked balance. These balances have been scrutinised by SMT to ensure that there are clear spending plans in place and that the purpose of the earmarking is in line with Council priorities.

4.3.2 Appendix 4 outlines the remainder of the previously approved earmarked balances. These are only provided for information as they are balances which qualify for automatic carry forward or have been subject to a previous Council decision.

4.4 Re-allocated Balances

4.4.1 Funds in respect of PVG Retrospective Phase amounting to £0.097m are no longer required and the service has request that these be transferred to the Resourcelink Review project which has a shortfall in funding.

4.5 Balances released back to the General Fund

4.5.1 The table below details the funds that will be un-earmarked and released back into the General Fund. Some relate to decisions as part of the budget agreed in February 2016 and others are earmarking that are no longer required.

Description	Balance at 31 March 2015 £000	New Earmarking £000	Actual Spend 2015-16 £000	Re-allocated £000	Released back to General Fund £000	Balance Remaining £000
Balances no longer required						
PVG Retrospective Phase	152	0	(12)	(97)	43	0
Support Staff for PVG Retrospective Phase	47	0	(14)	0	34	0
Investment in Hubco	0	506	0	0	14	492
Hermitage Park	0	268	0	0	250	18
Balances to be released agreed at Budget Meeting Feb 2016						
Advice Services	70	0	0	0	15	55
Community Resilience Fund	200	0	(5)	0	100	95
NPDO	200	0	0	0	200	0
NPDO	1,001	0	0	0	1,001	0
Investment in Affordable Housing	6,500	0	0	0	1,500	5,000
Revenue Contribution to Capital for Dunoon and Campbeltown Schools	6,000	0	0	0	5,885	115
Total Released					9,042	

4.5.2 The Retrospective PVG scheme migration projects have been successfully completed and the balance of the funding, after accounting for the re-allocated amounts in para 4.4.1, is no longer required.

4.5.3 The investment funding in HubCo has been updated to reflect the funding not required after accounting for the actual investment which was £0.492m. £0.014m can be released back to the General Fund.

4.5.4 A report was considered in relation to Hermitage Park, Helensburgh at the Council meeting on 21 January 2016. The report advised that there was a current funding gap of circa £0.268m out of a £3.111m project. It was agreed at Council in February 2016 that an underwriting provision be made from the General Fund Balance, however, applications had been submitted to a range of external funders and the underwriting may not be required. The sum of £0.250m has been secured from the MOD Covenant Fund and therefore this amount can be released back into the General Fund balance. Funding from Sustrans has also been secured, however, the funding is conditional on the satisfaction of final designs. At this stage, it would be prudent to continue to earmark the remainder of the underwriting.

4.6 General Fund Balance

4.6.1 The General Fund balance at 31 March 2015 was £46.067m, of this a total of £30.193m was approved by Council to be earmarked for specific purposes. The table below summarises the movement in the earmarked balance to 31 March 2016.

Earmarking Category	Balance 31/03/15 £000	New Earmarking from 2015-16 Outturn £000	New Earmarking agreed by Council during 2015-16 £000	Actual Spend 2015-16 £000	Released back to General Fund £000	Balance Carried Forward to 2016-17 £000
Strategic Housing Fund	7,672	1,992	0	(3,083)	0	6,581
Investment in Affordable Housing	6,500	0	0	0	(1,500)	5,000
CHORD	96	0	0	0	0	96
DMR – Schools	737	1,209	0	(737)	0	1,209
Existing Legal Commitments	145	1,042	0	(1)	0	1,186
Unspent Grant	801	471	0	(398)	0	874
Unspent Third Party Contribution	203	125	0	(51)	0	277
Energy Efficiency Fund	0	175	0	0	0	175
NPDO Schools	6,000	2,690	0	0	(5,885)	2,805
Unspent Budget	8,039	2,681	0	(2,248)	(1,393)	7,079
Helensburgh Waterfront	0	0	5,579	0	0	5,579
Argyll, Lomond and the Islands Regeneration Initiative	0	0	4,500	0	0	4,500
Asset Management	0	0	2,506	0	(14)	2,492
Transformation	0	0	100	0	0	100
Severance	0	0	3,500	0	0	3,500
Other	0	756	1,313	0	(250)	1,819
Total Earmarked Balance	30,193	11,141	17,498	(6,518)	(9,042)	43,272

4.6.2 A total of £43.272m is earmarked to be carried forward into 2016-17. The most significant elements of this balance relate to the Strategic Housing Fund £6.581m, Investment in Affordable Housing £5.000m, which will generate an income stream which will finance borrowing for the schools projects, Helensburgh Waterfront £5.579m, Argyll Lomond and the Islands Regeneration Initiative £4.500m and an allowance for future severance £3.500m.

4.6.3 The earmarked balances will be monitored throughout the financial year and reports submitted to the Policy and Resources Committee.

5. CONCLUSION

5.1 A total of £9.042m of earmarked balances will be released back into the General Fund, this is a combination of balances no longer required and balances agreed to be released as part of the budget agreed in February 2016.

- 5.2 A total of £0.097m which was earmarked for the PVG Retrospective phase has been re-allocated to the Resourcelink review to cover a shortfall in that project.
- 5.3 Services have submitted their new proposed unspent budget earmarked reserves balances for the 2015-16 year-end for consideration by Council together with business cases to support the requests, these proposals total £2.471m.
- 5.4 There are a number of previously approved unspent budget earmarked reserves balances where there are plans to spend in future years, these have been scrutinised by SMT to ensure there is clear justification for these to continue to be earmarked.
- 5.5 There are new balances totalling £8.671m that qualify for automatic carry forward at the end of 2015-16 and new balances totalling £17.498m that were agreed by Council during 2015-16 (the majority agreed as part of the budget in February 2016).

6. IMPLICATIONS

- 6.1 Policy – Outlines the new proposed unspent budget earmarking to be carried forward as per the agreed policy. Also outlines the new balances to be earmarked which qualify for automatic carry forward.
- 6.2 Financial - Outlines all earmarked balances held within the General Fund.
- 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

Councillor Dick Walsh - Council Leader and Policy Lead Strategic Finance

20 June 2016

For further information contact: Kirsty Flanagan, Head of Strategic Finance

APPENDICES

- Appendix 1 – New Unspent Budget Proposals 2015-16
- Appendix 1a – Business Case – Strategic Finance projects
- Appendix 1b – Business Case – Written in the Landscape
- Appendix 1c – Business Case – Education, unspent Government initiative funding
- Appendix 1d – Business Case – National Improvement Framework
- Appendix 1e – Business Case – IKEN Case management and time
- Appendix 1f – Business Case – Campbeltown office rationalisation

- Appendix 1g – Business Case – Pathfinder North – SWAN
- Appendix 1h – Business Case – Provision of Local Elections 2017
- Appendix 1i – Business Case – Modern Apprentices and Growing our Own
- Appendix 1j – Business Case – Leadership Development
- Appendix 1k – Business Case – Waste Management
- Appendix 1l – Business Case – Development Policy
- Appendix 1m – Business Case – Winter Maintenance (April 2016)
- Appendix 1n – Business Case - Transformation Project Management
- Appendix 1o – Business Case – Maintenance of 3G Pitches
- Appendix 2 – New Automatic Carry Forward Earmarkings 2015-16
- Appendix 3 – Previously Agreed Earmarked Balances – Unspent Budget
- Appendix 4 – Previously Agreed Earmarked Balances – Automatic Carry Forward

Ref	Service	Description	Balance to be carried forward into 2016-17	Plans for Use	Spending profile		
					Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
CHIEF EXECUTIVES UNIT							
001	Strategic Finance	AAT Training programme, Audit plan resource and a Converting to Digital records project	58,430	<p>AAT Programme - This is part of the Strategic Finance medium to long term plan to "Grow your own" to plan for succession and ensure the quality of service provided.</p> <p>Audit plan resource - Completion of the Audit plan is Strategically important, on a Corporate level, due to the reliance the external auditors place on the internal audit function. Due to long term sickness, the Audit team requires funding to delay the release of a member of staff who has been accepted for voluntary redundancy. This will ensure the Audit plan is successfully completed.</p> <p>Converting to Digital Records project - This project has been created to convert all the Income Maximisation finance files (Homecare/Adult care etc) to digital. This will be done by employing modern apprentice for a 2 year period. Once complete the efficiencies of information flow and access will generate savings within the finance team.</p>	33,430	19,000	6,000
COMMUNITY SERVICES:							
002	Community and Culture	Written in the Landscape Project	30,000	Written in the Landscape Project 2016-2018: A Project to Catalogue Argyll's Family and Estate Archives. The project will run until December 2018 and two Project Archivists will be employed to undertake the principal task of cataloguing and conservation. Funding for the project has come from a Heritage Lottery Fund (HLF) grant of £100,000 and the Council is required to commit a £30,000 contribution as match funding to the HLF grant for the duration of the project (£10K for each of the next three financial years).	10,000	10,000	10,000
003	Education	Scottish Government Initiatives: Developing the Young Workforce GIRFEC Languages 1+2	307,000	Developing the Young Workforce: Developing an Argyll & Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people. Grant received from the Scottish Government for this purpose.	122,000	0	0
				GIRFEC: This grant funding is for the specific purpose of supporting Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation. Activity in Argyll and Bute will include developing specific resources, staff training and development, protocols and procedures in line with the GIRFEC practice model and national guidelines.	76,000	0	0

Ref	Service	Description	Balance to be carried forward into 2016-17	Plans for Use	Spending profile		
					Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
				Languages 1+2: Grant provided for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.	109,000	0	0
004	Education	National Improvement Framework (NIF)	103,000	The new National Improvement Framework was launched by the First Minister on 6 January 2015. This new framework is to be core in driving forward the raising attainment and closing the gap agenda. Funding was agreed by Education Services in 2015/16 to support schools in raising the attainment agenda by the allocation of staff to each school for a set period of time to address literacy and numeracy developments. It was not possible to fully utilise these funds as appropriate supply cover could not be sourced due to the local and national staffing problems during session 2015/16. It is proposed that the Education service in 2016/17 will utilise the funding as follows: (a) Literacy Development Officer for 12 months from August 2016; (b) Numeracy Development Officer for 12 months from August 2016; (c) Travel Costs; and (d) Resources.	72,100	30,900	0
CUSTOMER SERVICES:							
005	Executive Director of Customer Services	IKEN - Case Management and Time Recording	34,750	IKEN is a case management and time recording system, the system will be implemented for the Special Projects, Procurement and Commissioning Teams. This implementation was planned for during 2015-16 but has been delayed until May 2016, therefore the department require to earmark the funding identified to fund the one-off costs of implementation.	34,750	0	0
006	Facility Services	Campbeltown Office Rationalisation	60,000	The Campbeltown Office Rationalisation will see around 100 staff displaced from Witchburn Road to Kintyre House. There is a requirement to purchase new office furniture and equipment to facilitate the staff to be accommodated within the new office space. The Workforce Deployment budget would ordinarily fund these costs but this budget provision was removed as part of the service choices budget process for 2016-17.	60,000	0	0
007	Customer and Support Services	Pathfinder North - Scottish Wide Area Network Implementation	100,000	One-off costs to cover additional costs associated with the delay in the implementation of the new Scottish Wide Area Network (SWAN) connections under the new contract with Capita.	100,000	0	0
008	Governance and Law	Local Government Elections	300,000	The Scottish Local Government Elections will take place on Thursday 4th May 2017, the Council has a statutory duty to meet the costs of the election.	100,000	200,000	0

Ref	Service	Description	Balance to be carried forward into 2016-17	Plans for Use	Spending profile		
					Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
009	Improvement and HR	Growing our Own and Modern Apprentices	226,300	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. Includes funding for a temporary Growing Our Own development officers to co-ordinate the programme.	115,650	110,650	0
010	Improvement and HR	Leadership Development	50,000	Support a programme of enhanced leadership development for both senior and team leaders, building on the skills that they already have and ensuring that they are prepared and able to meet the challenges of transformation that that council is facing.	50,000	0	0
DEVELOPMENT AND INFRASTRUCTURE SERVICES:							
011	Roads and Amenity Services	Waste Management	130,000	Earmarking to fund the service over the next two years to enable the service delivery to be redesigned to reflect current known developments.	45,000	85,000	0
012	Planning and Regulatory Services	Development Policy	21,500	A: Professional quality printing of: Argyll and Bute Historic Environment Strategy and the Strategic Infrastructure Investment / Key Sites Action Programme B: Explore and deliver professional promotion and or refinement of the Where To Go Outdoors website which contains footpath guides.	21,500	0	0
013	Roads and Amenity Services	Winter Maintenance - April 2016	200,000	Due to unexpected weather conditions in April 2016, "Winter" maintenance costs, above those budgeted for 2016-17, were incurred. As these weather conditions were outwith the normal winter period budgeting expectations, the costs incurred in April 2016 are to be covered by a one-off earmarking.	200,000	0	0
014	Executive Director of Development and Infrastructure	Transformational Change	100,000	This project seeks to accelerate the delivery of transformational changes in service delivery and operational efficiency. The fund will cover the costs of project management support. The potential savings achieved through changes to service delivery and operational efficiencies will exceed the costs incurred and deliver long term benefits to the Council and its customers.	100,000	0	0
015	Roads and Amenity Services	3G pitches	750,000	Maintenance of 3G Pitches across Argyll & Bute.	750,000	0	0
2,470,980					1,999,430	455,550	16,000

ARGYLL AND BUTE COUNCIL**COUNCIL****CHIEF EXECUTIVE'S UNIT****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £58,430 be earmarked from the revenue budget underspend within Strategic Finance for three main purposes:

- To support an Association of Accounting Technicians training programme to upskill the current staff ensuring that as staffing resource reduces that the remaining staff have the skills and knowledge required to maintain a quality finance service.
- To employ a modern apprentice that will work on a digitising records project relating to Adult Care, Child Care and Home Care contracts.
- To fund a post within Internal Audit, originally intended to be redundant from June 2016, however, due to long term sickness, making the post redundant puts risks on the Audit Plan agreed for 2016-17.

2.2 Business Case

- 2.2.1 As part of savings agreed, at the Council meeting on 11 February 2016, the Strategic Finance team will be reduced by 5 FTE positions in 2016-17 and a further 2 FTE in 17-18. This creates the following challenges;

- Ensuring the continued quality of support delivered to services.
- Ensuring the Internal Audit plan is adequately resourced.
- Ensuring the right skills mix across the service, including maintaining suitable qualified/non-qualified staffing ratio.

The Strategic Finance Management team have taken a medium to longer term view to these challenges, looking to ensure the longer term skills and succession plan within the service will be managed.

2.2.2 AAT Training Programme Funding

The Association of Accounting Technicians (AAT) is a recognised accounting qualification within public and private organisations across the UK. The qualification can be used on its own or as a stepping stone to becoming a Chartered Accountant.

The Service Choices savings options will see a reduction of 2 qualified accountants

in 2016 and a further 1 in 2017-18. To mitigate against any risks associated with reducing the number of qualified staff, the service has already commenced a programme to upskill staff on salary scales LGE6 to LGE10 by supporting them through the AAT qualification.

At the end of 2015, 6 staff commenced the first stage of AAT, with 1 member of staff already completing the module and ready to progress to the next level.

There are 3 levels to the qualification and for each level, staff members who hold other qualifications can obtain exemptions and a procurement discount has been obtained, for these reasons we have budgeted an average £1,000 per person per level.

By upskilling, we are looking to create a cross departmental skills pool for Corporate and Departmental support, increasing staff member's ability to take on new tasks as they arise.

In the past it has been difficult to recruit qualified finance staff and this programme is linked to the Council's "Growing Your Own" initiative. The Strategic Finance service have also recently been successful in becoming an accredited training employer with CIPFA and the AAT.

The cost to support the existing 6 employees plus a further 4 employees through each level of AAT, is estimated to be £24,000.

2.2.3 Internal Audit Team

The Internal Audit function plays an integral part in the external auditor's opinion on the controls within the council. The external auditor places reliance on the successful completion of the Internal Audit Plan.

As part of Service Choices, a trainee auditor post was created during 2015 and a member of staff transferred into this post from within the service. This would have allowed the deletion of a qualified accountant post via voluntary redundancy by the end of June 2016.

What was unplanned was that a member of staff within the team went off on long term sickness and they are currently not expected to return until at least December 2016. The trainee auditor post has allowed us to cover this sickness absence to date with no effect on completion of the 2015-16 Internal Audit Plan. However, the voluntary redundancy planned for June 2016 has had to be delayed until later this year otherwise the 2016-17 Audit Plan would not be adequately resourced.

The cost of retaining the accountant post beyond the planned redundancy amounts to £16,430.

2.2.4 Modern Apprentice - Digitising Records Project

This is a "spend to save" project within Strategic Finance. The project will digitalise all of the records relating to Adult Care, Childcare and Home care contracts. This will improve and enhance our record keeping and processing time, which over time will repay the initial investment. Examples of the benefits are listed below:

- Automating processes – for example automating the logging of returned reassessment forms
- Eliminating the need to distribute multiple copies of contracts to various offices – the scanned version will be visible to other parties via the system
- Reduction in paper and other paper file related stationary costs – ie folders and file holders
- Easier to share information with legal services and senior managers in relation to disputed cases – avoids photocopying large files and having duplicate files
- Using workflow function to make sure that all steps required to “complete” work are taken reducing the need for rework
- Ability to send documents word documents, email etc to CIVICA system rather than printing and manually scanning and indexing
- Better information about workload.

This project will require an additional resource and it is proposed that this would be suitable for a modern apprentice. A modern apprentice on a 2 year contract would cost up to £18,000.

2.2.4 Expenditure Profile

	2016/17	2017/18	2018/19	2019/20	Total
AAT Programme	8,000	10,000	4,000	2,000	24,000
Internal Audit Team	16,430	-	-	-	16,430
Digitising Records project	9,000	9,000	-	-	18,000
Total	33,430	19,000	4,000	2,000	58,430

Kirsty Flanagan
 Head of Strategic Finance
 31 May 2016

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
COMMUNITY SERVICES****30 JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
“WRITTEN IN THE LANDSCAPE” PROJECT 2016 - 2018**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Written in the Landscape Project 2016-2018: A Project to Catalogue Argyll's Family and Estate Archives.

2.2 Business Case

- 2.2.1 The Council, in partnership with Argyll Estates and other local heritage centres across the authority, are developing a project to catalogue and conserve the family and estate archives in their care. Many of the records are of national importance and a small selection of these will be digitised and made available to researchers online.
- 2.2.2 The project will run until December 2018 and two Project Archivists will be employed to undertake the principal task of cataloguing and conservation. There will also be opportunities for volunteers to get involved and this will form a key part of the project.
- 2.2.3 Funding for the project has come from a Heritage Lottery Fund (HLF) grant of £100,000, as well as financial contributions from various partner organisations. The Council is required to commit a £30,000 contribution as match funding to the HLF grant for the duration of the project (£10K for each of the next three financial years).
- 2.2.4 The Council will be responsible for managing the project and its budget. A cost centre has been set up to assist with this and all project income and expenditure will be marked against this cost centre.

3.1 Risks

- 3.1.1 Insufficient funding will impact on the ability to deliver key project aims and objectives. It is proposed that part, £30,000, of the Culture and Libraries revenue budget underspend be committed to the project. Failure to earmark this sum will result in the Council being unable to meet its financial commitment to the project as the Archive service could not cover this annual allocation from its revenue budget over the next three financial years.

4.1 Expenditure Profile

- 4.1.1 Key project payments will be incurred during financial years 2016/17, 2017/18 and 2018/19.

Ann Marie Knowles
Executive Director of Community Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
COMMUNITY SERVICES****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**SCOTTISH GOVERNMENT INITIATIVES**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1 Grant funding from the Scottish Government was received in March 2016 and the award letters confirm that the Council has full flexibility in the timing of the use of the funding. The carry forwards are in respect of:

Developing the Young Workforce - £122,000

GIRFEC £76,000

Languages 1+2 - £109,000

Total - £307,000

2.2 Business Case – Developing the Young Workforce

- 2.2.1 Notification from the Scottish Government of implementation funding for ‘Developing the Young Workforce – Scotland’s Youth Employment Strategy’ was received at the end of September 2015. The grant funding was for £122,000.

- 2.2.2 This funding is for the specific purpose of supporting local government’s contribution to the early implementation of the Developing the Young Workforce Commission’s report. Although not formally classed as a Scottish Government specific grant, there is an expectation that the funds are spent in accordance with the key elements of the programme and that all authorities should ensure that activity will help develop pathways for young people into sustained and quality jobs that align with local circumstances and labour markets.

- 2.2.3 It is proposed that the Council in partnership with key organisations including the local college, Skills Development Scotland and employers will utilise the funding as follows:

- a) Developing an Argyll & Bute Foundation Apprenticeship scheme which would be delivered in the senior phase. This proposal will require a small amount of capital investment from the Scottish Government budget; further funding will be spent on resourcing facilities appropriately to deliver the courses, transport

where required and personal protective equipment. In addition the funding will be used to develop a mentoring programme to support young people accessing these opportunities.

- b) Developing support for our most vulnerable and at risk young people to access appropriate training that will allow them to develop their employability skills and specific occupational skill sets during the senior phase of secondary education.
- c) Developing key groups knowledge and understanding of the local labour market and how this links to relevant opportunities post school. Key groups consist of parents/carers, teaching staff and pupils.
- d) Developing and delivery of a prevocational programme that groups of unemployed young people can access in our unemployment hotspot areas – e.g. Helensburgh, Oban, Campbeltown and Dunoon.
- e) Further implementation of the ABC Modern Apprenticeship Programme. The working group has been tasked by the Chief Executive with securing 25 additional Argyll and Bute Council Modern Apprentices during financial session 2016/17.

2.2.4 The monies will be spent in 2016/17 as the planned activities are carried out.

2.3 Business Case – GIRFEC

2.3.1 Notification from the Scottish Government of implementation funding for GIRFEC – Children and Young Person (Scotland) Act was received in April 2015. The grant funding was for £76,000.

2.3.2 This funding is for the specific purpose of supporting Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation. Although not formally classed as a Scottish Government specific grant, there is an expectation that the funds are spent in accordance with the key elements of the programme. Activity in Argyll and Bute will include developing specific resources, staff training and development, protocols and procedures in line with the GIRFEC practice model and national guidelines.

2.3.3 As there is a legislative imperative to this work being progressed, robust reporting mechanisms are in place. The GIRFEC Implementation Group will report to the management of the Community Planning Partnership through regular reporting to Argyll and Bute's Children.

2.3.4 It is proposed that the GIRFEC Implementation Group will utilise the funding as follows:

- a) Train education staff on the new SEEMiS Wellbeing application which will require senior education staff to be available to attend the training sessions. Funding will be spent on establishment cover costs.
- b) Development of a specific Argyll & Bute GIRFEC website which will allow the GIRFEC Implementation group to meet the requirements of the Children and

Young Person (Scotland) Act with regard to making the Named Person Service easily accessible, known and available to Community Planning Partners, professionals and the wider community.

- c) Create a 12 month secondment GIRFEC Support Officer post to assist the GIRFEC Implementation group to be fully compliant with legislation. This would include supporting GIRFEC advisors in a range of duties such as promoting GIRFEC awareness across the partnership, developing best practice and quality assurance.
- d) All GIRFEC advisors require to undertake the GIRFEC module at Stirling University, the monies will be used to fund courses and travel costs.
- e) Develop a range of resources that ensure children, young people, communities and professionals are cognisant of GIRFEC process and practice. This would include the development of a coherent communication strategy in line with Scottish Government guidance.

2.3.5 If the expected funding is not made available to the GIRFEC group to implement the planned activity, there will be a risk of the authority failing to be legislatively compliant with the Children and Young People (Scotland) Act by August 2016.

2.3.6 The monies will be spent in 2016/17 as the planned activities are carried out.

2.4 Business Case – Languages 1 + 2

2.4.1 Financial support has been allocated to Local Authorities to create the conditions to enable every pupil to start learning a second language from Primary 1 and a third language from Primary 5 by 2020. Funding for 'Languages 1+2' has been received from the Scottish Government for the implementation process. The grant funding was for £109,000.

2.4.2 This funding is for the specific purpose of supporting local government's contribution to the early implementation of the languages 1+2 in each local authority and will continue to develop through to 2020.

2.4.3 To assist clusters in their progress towards achieving the recommendations Language Leaders have been the key resource to taking forward the objectives. It is the intention that there will be a Language Leader in each cluster and these people will have a passion for languages and a proven track record in the implementation of initiatives that have impacted on pupil's learning experiences. The language leaders will be led by a Lead Language Leader. Additional teacher expertise may be required for specific areas e.g. Gaelic Learners Education in Schools. These developments require allocations of supply cover to allow training of staff to take place.

2.4.4 It is proposed that the Council will utilise this budget during session 2016/17 to continue the development of training through the following activities:

- a) Post of Lead Language Leader to support and train the language leaders in each cluster - £50,000;
- b) Support training for (12) Languages Leaders and cover allowance - £10,000;

- c) Language Platform Subscription (French) - £18,000;
- d) Language Platform development (Gaelic) - £11,000, and
- e) Training - £20,000.

2.4.5 The monies will be spent in 2016/17 as the planned activities are carried out.

Ann Marie Knowles
Executive Director of Community Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
COMMUNITY SERVICES****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**NATIONAL IMPROVEMENT FRAMEWORK – LITERACY AND NUMERACY**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 The new National Improvement Framework was launched by the First Minister on 6 January 2016. This new framework is to be core in driving forward the raising attainment and closing the gap agenda.
- 2.1.2 The Framework will see new and improved information gathered throughout primary and early secondary school years to support individual children's progress and to identify where improvement are needed. The data will be used to set precise milestones for closing the gap in attainment between children from the least and most deprived communities in Scotland.
- 2.1.3 Local authorities will use new standardised assessments, in reading, writing and numeracy in P1, P4, P7 and S3 to evaluate learning and teaching through Scotland's Curriculum for Excellence. The information will be used by teachers to inform their judgement in the classroom and by local authorities to ensure that every child gets the right support at the right time. The assessments will be take place in 2017.
- 2.1.4 Argyll and Bute Schools are required to have clear policies and processes around literacy and numeracy which will support the assessments which will take place in 2017.
- 2.1.5 It is proposed that a Literacy Development Officer and a Numeracy Development Officer be appointed for a fixed term to support this initiative.

2.2 Business Case

- 2.2.1 Funding was agreed by Education Services in 2015/16 to support schools in raising the attainment agenda by the allocation of staff to each school for a set period of time to address literacy and numeracy developments. It was not possible to fully utilise these funds as appropriate supply cover could not be sourced due to the local and national staffing problems during session 2015/16.

2.2.2 It is proposed that the Education service in 2016/17 will utilise the funding as follows:

- (a) Literacy Development Officer for 12 months from August 2016 (£49,000);
- (b) Numeracy Development Officer for 12 months from August 2016 (£49,000);
- (c) Travel Costs (£3,000), and
- (d) Resources (£2,000).

Total £103,000

2.3 Expenditure Profile

2.3.1 The funding will be spent in line with the 2016/17 academic session, spanning both the 2016/17 and 2017/18 financial years, as the planned activities for the Literacy and Numeracy Development Officers are carried out.

Ann Marie Knowles
Executive Director of Community Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
CUSTOMER SERVICES****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**IKEN – CASE MANAGEMENT AND TIME RECORDING**

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

2.1.1 It is proposed that £34,750 be earmarked from the revenue budget underspend within Customer Services in 2015-16 to fund the one-off system costs for IKEN. The intention was to have the software implementation during 2015-16 but as a result of delays in implementation this has been pushed back until May 2016. Funding to accommodate the software was identified during 2015-16 and the carry forward of this balance into 2016-17 would allow for the IKEN software to be implemented.

2.2 Business Case

2.2.1 IKEN is a case management and time recording system which is currently utilised by Council Legal and Property Teams. This investment would see the system being rolled out to the Special Projects, Procurement and Commissioning Teams. IKEN is a case management system that can improve operational performance by delivering on quantitative and qualitative efficiency gains and the recording and billing functionality demonstrates the value delivered.

2.2.2 The individual elements of IKEN functionality are listed below:

- Case-centric document and email management
- Contact and stakeholder management
- Diary management to risk management standards, for teams and individuals
- Workflow to three levels
- Knowledge, precedent and template management
- Time recording and billing
- Management reporting

2.2.3 Legal and Property Services utilise the functionality in IKEN for case and client management and it allows these services to quantify the cost of projects or clients on an individual basis. There is significant potential in rolling this out to the Special Projects, Procurement and Commissioning Teams and potentially across other support services in allowing services to demonstrate value added and to facilitate the

delivery of efficiencies.

- 2.2.4 Support service functions will be increasingly challenged to demonstrate value for money and should be able to demonstrate that services could be provided in a competitive market place. With a challenging financial outlook and increasing pressure to deliver services innovatively support services will face increasing scrutiny as to the benefits delivered and the identification of more innovative ways of working that can deliver savings. The further roll-out of IKEN software will enable services to be best placed to meet these challenges.
- 2.2.5 The total cost of £34,750 includes the provision of additional IKEN licences, database upgrades, the configuration of the system for the new teams and training for all new users. There is a recurring cost of £4,520 for annual support costs and provision has been made for this within the Customer Services revenue budget.

2.3 Expenditure Profile

The sum of £34,750 will be spent during 2016-17.

Douglas Hendry
Executive Director of Customer Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
CUSTOMER SERVICES****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**CAMPELTOWN OFFICE RATIONALISATION**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £60,000 be earmarked from the revenue budget underspend within Facility Services in 2015-16 to fund the one-off costs to provide office furniture and equipment in support of the Campbeltown Office Rationalisation.

2.2 Business Case

- 2.2.1 A recurring annual budget of £44k was provided to Facility Services as part of Process for Change to allow Facility Services to fund one-off costs in relation to re-location in support of office rationalisation, this included removal costs and office furniture and fittings. This budget has been removed from 2016-17 as a management saving as part of the Service Choices process and therefore there is no capacity within the Facility Services budget to meet these costs.
- 2.2.2 The Campbeltown Office Rationalisation will see around 100 employees move from the Witchburn Road office to Kintyre House. There is a requirement to purchase new office furniture and equipment to facilitate the staff to be accommodated within the new office space. Much of the office furniture in the Witchburn Road office has not been replaced in a number of years and is in a poor state of repair, with some being deemed to be no longer suitable for a modern office environment. The new office accommodation at Kintyre House is primarily an open-plan space and the existing office furniture at Witchburn Road would not be easily accommodated into the new space.
- 2.2.3 The new office is planned to open late summer 2016. Funding has been identified in the favourable 2015-16 Facility Services outturn to be earmarked to allow the smooth transition between the two facilities. The total estimated cost of £60,000 includes new desks, chairs and storage for all workstations and a provision for removal and disposal costs. Should the costs be less any unrequired element of funding will be unearmarked and released back into the General Fund.

2.2.4 It is anticipated that for any further Office Rationalisation projects that any additional furniture or equipment requirements will be accommodated from within individual service budgets. The Campbeltown Office Rationalisation is unique in that there is a real deficit in terms of the quality of equipment available to be transferred to the new office accommodation and the non-provision of new furniture could have a serious impact on the success of the move.

2.3 Expenditure Profile

The sum of £60,000 will be spent during 2016-17.

Douglas Hendry
Executive Director of Customer Services

ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
PATHFINDER NORTH – SCOTTISH WIDE AREA NETWORK IMPLEMENTATION**

1.0 INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the policy on end of year flexibility.

2.0 DETAIL**2.1 Initiative/Proposal**

2.1.1 It is proposed that £100,000 be earmarked from the revenue budget underspend within Customer & Support Services in 2015-16 to fund the one-off costs to cover additional costs associated with the delay in the implementation of the new Scottish Wide Area Network (SWAN) connections under the new contract with Capita.

2.2 Business Case

2.2.1 Capita has issued a formal relief notice for 6 months delay in respect of the contract signed by Highland Council as lead authority for PathfinderNorth for a replacement network. Whilst the specific grounds for relief cite only Highland Council and their sites, it applies to the whole contract. Capita's performance in implementing previous SWAN customers has been very poor and they have struggled to meet their forecast sites. As at end of May 2016, just 12 out of 133 Argyll and Bute Council sites are live. We have been unable to transition any education or library sites as we do not yet have a live connection to the Helensburgh data centre.

2.2.2 The transitional exit period in the existing contract with Vodafone is due to end on 20 September 2016. We are not confident that all sites will be transitioned by then. Vodafone has indicated that they will not cut off the existing service and leave us without IT connections. However the price they need to charge for any individual circuit will have to reflect their costs for provision of backhaul. Because of this, there is the possibility that the costs for individual circuits may be considerably higher than the costs under the current contract. They have been asked to price certain sites (those most likely to be late) on a contingency basis, and prices should be known by end July.

2.2.3 The contract includes certain provisions for delay. The cap on delay payments across the whole contract (excluding any potential damage settlement) is £225,000, and this will not address the expected additional costs.

2.2.4 The cost pressure in budget agreed in February included some contingency for delay, but at that stage it was expected that the costs of circuits for Vodafone for an

extension period would be similar to current costs. Experience from PathfinderSouth suggests that it would be more prudent to budget up to 50% extra. Funding has been identified in the favourable outturn for Customer & Support Services. Should the costs be less than anticipated, any unrequired funding can be unearmarked and released back into the General Fund.

2.3 Expenditure Profile

2.3.1 The sum of £100,000 will be spent during 2016-17. It is not expected that any circuit is likely to be subject to a delay of more than 6 months from the end of formal transition period on 20 September 2016.

Douglas Hendry
Executive Director Customer Services
3 June 2016

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Gerry Wilson, ICT and Digital Manager Tel 01436-658936

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
CUSTOMER SERVICES****30 JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
LOCAL GOVERNMENT ELECTIONS 2017**

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

2.1.1 The Council requires to make provision to meet the cost of the local elections in 2017 and it is proposed to earmark £300k to meet the anticipated costs of that process from the favourable 2015-16 outturn position.

2.2 Business Case

2.2.1 The Scottish Local Government Elections will take place on Thursday 4th May 2017, the Council has a statutory duty to meet the costs of the election. As this is not a recurring revenue cost to the Council there is no revenue budget provision for this as part of the elections budget, with provision only being available to fund a limited number of by-elections. This results in a cost pressure in 2017-18.

2.2.2 Preparation for the election starts in December 2016 and commitments need to be made to suppliers by that date. The Council has a statutory duty to meet the costs of the election and it is prudent to identify the sum of £300k in advance of setting the 2017-18 budget to cover the costs. The costs include electronic counting, standby generators, staffing, mailing and other supplies necessary to meet the statutory requirements.

2.2.3 If the budget is earmarked it will reduce pressure on the revenue budget for 2017-18 and will assist with planning and contractual arrangements with third party suppliers.

2.3 Expenditure Profile

The spend would be committed from around December 2016 with actual expenditure commencing in March 2017 until June 2017, therefore an element of the earmarked balance would require to be carried forward into 2017-18.

Douglas Hendry
Executive director of Customer Services

Further information contact Charles Reppke, Head of Governance and Law

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
CUSTOMER SERVICES****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**MODERN APPRENTICES AND GROWING OUR OWN**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Argyll and Bute council, along with the Community Planning Partners have a strategic objective to grow the population and the economy. As an employer, although the council is becoming smaller in terms of overall employees as a result of budget reductions, it still remains the second largest employer in Argyll and Bute. Recent analysis of the council's workforce as part of the Service Choices Programme shows that we have an ageing workforce with less than 5% of our employees aged 16-24. This has implications in the medium to long term for workforce planning.
- 2.1.2 We also know, through research carried out by HIE on young people in the Highland and Islands, that in Argyll and Bute, there are a significant number of young people who identify themselves as 'reluctant leavers' ie they would prefer to remain in Argyll and Bute, but they have not found appropriate work or study opportunities to allow them to do so.
- 2.1.3 The Council has an opportunity to develop a comprehensive programme to support and attract young people into jobs and careers in the council. This will require a short term investment of funds to support the development of a programme and to implement it, with a view to it becoming a mainstreamed part of the council's business in future years.
- 2.1.4 The proposal presents options for developing a programmed approach to 'Growing Our Own', including support for the provision of opportunities for Modern Apprentices.

2.2 Business Case

- 2.2.1 The proposal includes funding for a temporary Growing Our Own development officer to develop and co-ordinate a Growing our Own programme using a fixed term project management approach and to support Modern Apprenticeship placements in the council. The proposal fully aligns to the SOA/LOIP, the Corporate Plan and the HR/OD Strategy and will result in more young people being employed by the council and fewer young people leaving the area to find work.

- 2.2.2 The Officer will liaise with colleagues in Education, align with Developing Scotland's Young Workforce actions, liaise directly across all schools and implement a programme of awareness raising and information about the wide range of jobs and career opportunities available within the council, including Modern Apprenticeships and traineeships.
- 2.2.3 A comprehensive and council wide approach would be developed to co-ordinating this, ensuring that all prospective employees are given the same opportunities and that these are applied fairly and consistently. This will be aligned to the council's workforce planning, ensuring that there is a clear link between the work opportunity and the future potential for a permanent job. All training will be transferable and accredited to ensure that the young people benefit in the long term. Close liaison will be developed with partner agencies in Skills Development Scotland, Argyll College, UHI and HIE.
- 2.2.4 A suite of information would be prepared of audio visual films that could be promoted online and also used at presentations, to show young people what the experience of working for the council is really like. Testimony from individual employees would be used to bring this to life.
- 2.2.5 The project will support Modern Apprenticeship placements across the council, creating a central co-ordinating Hub and providing funding assistance for services to take on apprentices. Although there has been interest by services in delivering modern apprenticeship opportunities, some services have been unable to identify funding.
- 2.2.6 The Project directly relates to Strategic Risk 9 on the Strategic Risk Register – Demographic Change - The Council fails to recognise, plan and deliver services in a way that takes account of demographic trends – this will impact on the council's ability to attract and retain staff.
- 2.2.7 The through the temporary appointment of a fixed term post, the funding will deliver a long term Growing Our Own programme, which is aligned to our workforce planning, will result in a reduction in young people leaving the area, an increase in young people taking up employment with the council and an increased number of Modern Apprenticeship Placements.
- 2.2.8 This is an important area of spend, which assists in directly addressing the council's ageing population and also a reduction in young people leaving the area.

2.3 Expenditure Profile

Activity	Description	Cost 2016/17	Cost 2017/18
Temporary Growing our Own Project Officer	LGE 11 fixed term for 2 years	£43,500	£43,500
Materials	hard copy and audio visual materials to promote the council as an employer	£5,000	0
Modern Apprenticeship funding	10 modern Apprentices each year at £6715 per annum	£67,150	£67,150
Total		115,650	110,650

Douglas Hendry, Executive Director – Customer Services

For more information contact Jane Fowler, Head of Improvement and HR

ARGYLL AND BUTE COUNCIL
COUNCIL**REPORT BY EXECUTIVE DIRECTOR OF
CUSTOMER SERVICES****30 JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
LEADERSHIP DEVELOPMENT**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Leadership development has been an important element in the council's improvement journey. The challenges faced by the organisation over the next few years will require excellent leadership skills across the organisation, both at senior level and in our team leaders, who are responsible for delivering frontline services.
- 2.1.2 In order to manage the budget challenges, maintain the high quality of services that the people of Argyll and Bute need and to fulfil our strategic objective of growing the population and creating more jobs, our employees require excellent transformational leadership skills.
- 2.1.3 The Council has invested in a leadership and management development programme, the Argyll and Bute Manager, which has successfully delivered a comprehensive programme of courses to support management skills, expertise and knowledge in the council's core policies and procedures.
- 2.1.4 The transformational change that is needed in the council's approach to delivering services, whilst continuing to deliver quality services, requires enhanced leadership skills that focus on innovation, transformation, creativity and engagement.
- 2.1.5 This proposal will support a programme of enhanced leadership development for both senior and team leaders, building on the skills that they already have and ensuring that they are prepared and able to meet the challenges of transformation that that council is facing.

2.2 Business Case

- 2.2.1 The proposal will support delivery of the council's corporate plan, HR and OD Strategy, Audit Scotland Action Plan, Strategic Risk Register and the Statement of Governance and Internal control.

The enhanced leadership development programme will directly address the strategic risk identified in the council's Strategic Risk Register 'Lack of Strategic Leadership'. It will ensure that there is appropriate and effective learning and development in place to mitigate this risk.

2.3 Detail

2.3.1 **Action Learning Sets** bring leaders together in small groups from a cross section of services where they agree a specific management or leadership problem to be discussed. The problem will be one that has been difficult to solve by the manager through using their normal process and approach. The Action Learning Set method is structured and supports exploration of the problem, options for solutions and then agreed actions to take by the manager/leader who has identified the problem.

2.3.2 **Coaching** is an important element of individual leadership development that supports each individual to improve their own performance in relation to the leadership skills and approach. As each leader has a different team to manage, different challenges and a different leadership style, one to one coaching provides them with an opportunity to tailor their specific style to improve it and to gain the maximum outputs and impact from the service, making the most of their resources in the team and applying new thinking, creativity and innovation to their leadership and management.

2.3.3 **Leadership, Communication and Coaching** is an approach that has been implemented as part of the Argyll and Bute Manager Programme, which combines leadership development and communication skills with one to one coaching and is ideal for a manager who is new to team leadership. It supports learning in the principles of communication and enables a one to one coaching approach to dealing with specific issues, again tailored to the individual manager/leader's approach.

2.3.4 Outcomes

The investment in enhanced leadership development will be in overall team and service productivity. Improved leadership skills should see a reduction in sickness absence, reduction in stress related absence, reduction in grievances and disciplinarys and an overall improvement in customer satisfaction performance

2.4 Expenditure Profile

The total cost of the proposal is £50,000 and will be spent as set out below throughout the financial year 2016/17.

Activity	Numbers	Units	Number of units	Cost
Action Learning	3 x ½ day Action Learning Sets	4 per year (quarterly)	12 sets	£12,200
Coaching – for one year	15	8 per year (every six weeks)	120 sessions	£24,000
Leadership, Communication and coaching	10	3 per year	30	£13,800
TOTAL				£50,000

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
DEVELOPMENT AND INFRASTRUCTURE****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**WASTE MANAGEMENT/WASTE STRATEGY**

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

2.1.1 A report to the Environment, Development and Infrastructure Committee on 7 April 2016 set out the current position relating to waste collection and disposal. This report considers the financial, contractual and legislative implications regarding waste and seeks to put in place a long term waste strategy. The committee agreed to:

- Note the report
- Endorse the work being progressed towards a long term waste strategy
- Note recruitment of a project manager to lead on the provision of a new waste strategy
- Note that a further report will be brought to a future meeting regarding the Waste Charter.

2.1.2 The budget monitoring statement included with the budget pack on 11 February 2016 documented a projected underspend of £130,000. This underspend requires to be earmarked to fund the existing Waste PFI contract over the next two years to enable the service delivery to be redesigned to reflect current known developments. The Council agreed to note the revenue Budget Monitoring position as at 31 December 2015.

2.2 Business Case

2.2.1 Argyll and Bute Council is both waste collection and waste disposal authority. Waste collection is carried out by council staff with assistance from third sector groups for recycled materials.

2.2.2 Waste disposal is dealt with by 3 separate models across the council. These are:

- Island sites which are operated directly by the council.
- A 25 year PPP contract covering the mainland other than Helensburgh and Lomond – this runs until 2026.
- Helensburgh and Lomond where collected waste is disposed of at third party sites outside Argyll and Bute.

- 2.2.3 Waste to landfill is environmentally unsound and legislation and guidelines have been put in place to reduce material to landfill. One of the measures introduced nationally is a landfill tax which costed the council £82.60 per tonne in 2015/16. National guidance is expected with regards to the ban on biodegradable waste going to landfill from 2021.
- 2.2.4 The annual council budget for waste management is £11,727,934 for 2015/16.
- 2.2.5 At its October 2012 meeting council approved a waste strategy which included progressing a contract variation allowing co-mingled materials for recycling to be collected and general waste collections moving to 2 weekly. This provided an improved and increased recycled material collection facility to be provided to the residents of mainland Mid Argyll, Oban/Lorn and Cowal. This has been delivered. It was agreed as part of the Council's budget in February 2016 that general waste collections would move to a 3 weekly cycle during 2016/17. By restricting the capacity for waste that is sent to landfill it is hoped that further changes in behaviour can be encouraged, further increasing recycling.
- 2.2.6 The landfill sites operated by the council and those returning to the council in 2026 will have an ongoing maintenance requirement. This will include monitoring for leachate and gas, restoration works and environmental compliance as well as general health and safety.
- 2.2.7 A revised waste strategy is required to deal with the known requirements over the coming years and also to shape service delivery over the next 25 year period and beyond. Whilst the current delivery model is working and can be contained within budget over the next 2 financial years this is not a sustainable position in the longer term. This has been demonstrated by the 25 year waste model detailed in the report. Doing nothing is not an option, by 2028/29 the financial model indicates that the council would be at an adverse budget position of £3,912,094 increasing to £9,286,413 by 2039/40 should we continue as is. The profile of the service within financial year 2015/16 projects a favourable variance, if agreed to earmark this underspend this would remove the deficit within the early years and provides time to develop an alternative waste strategy to mitigate future financial pressures.
- 2.2.8 From an environmental position the council should be pursuing options that divert waste from landfill. The emerging waste strategy should consider additional diversion from landfill. There is a range of options available including energy from waste, gasification, additional recycling etc.

2.3 Expenditure Profile

- 2.3.1 It is expected that the costs will be incurred during 2016/17 and 2017/18.

Pippa Milne
Executive Director, Development and Infrastructure

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF DEVELOPMENT
AND INFRASTRUCTURE****30TH JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
DEVELOPMENT POLICY**

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

2.1.1 It is proposed to reserve the identified underspend of £21,500 to cover:

- Professional quality printing of: Argyll and Bute Historic Environment Strategy and the Strategic Infrastructure Investment / Key Sites Action Programme
- Explore and deliver professional promotion and or refinement of the *Where to Go Outdoors* website which contains footpath guides.

2.2 Business Case

2.2.1 All identified expenditure is for core projects which directly relate to and are existing delivery commitments within the Single Outcome Agreement and or the Service Plan. Currently there is no budget available for any of these activities.

2.2.2 Allowing this earmarking of funds eliminates the risk that these proposals are not delivered or are delivered to a significantly inferior quality and effectiveness.

2.2.3 The Historic Environment Strategy sets out a comprehensive approach and strategic overview for management and maintenance of heritage assets which the Council is responsible for. It promotes a holistic approach to our historic environment and seeks to raise awareness of the positive environmental, social and economic contribution it makes to Argyll and Bute as a place to live and work and visit, integrating care and custodianship of heritage assets into the core activities of the Council. This approach has been lauded by Historic Environment Scotland as an example of best practise. Professional printing and wider distribution would reflect the Council's commitment to it; and recognise the nationwide interest there has been in the document particularly from Historic Environment Scotland because of its ground breaking approach.

2.2.4 Strategic Infrastructure Investment / Key Sites Action Programme seeks to promote key sites and attract inward investment in to key areas and sites identified in the

Local Development Plan, and links to the associated Economic Development Action Plan. It is envisaged that the document is produced to a high standard (in print and online) to allow it to perform the function of an attractive and easily accessible point of promotion for key opportunities within Argyll and Bute. It will therefore contribute to levering in funding and investment, boosting the economy of Argyll and Bute, and help stem population decline.

2.2.5

The Where to Go Outdoors is an interactive map of paths in Argyll & Bute. It has information about the paths, leaflets for download and links to external websites with more information about individual paths. The information includes the length of the path and descriptions which allow the user to determine whether or not the path is suitable for the type activity they are proposing and their physical ability. It is particularly helpful for those who are less able. Additional website development will help ensure that the attractiveness and ease of use of the Where To Go Outdoors website are maximised, and that the opportunity to promote its linkage with other sites and tourism outlets are maximised, thus directly increasing its likely impact and use and promoting recreation and tourism activity within Argyll and Bute.

2.2.6

The SOA and Service plan identify these as key tasks, all of which have the potential for trickle down style benefit in the economy (SOA outcome 1). The printing and publication of the HES, will help bids for future Historic Environment Scotland funding into Argyll and Bute, including CARS schemes and Heritage Lottery funding TI schemes, are dependent on this document (SOA outcome 6). The Strategic Infrastructure Investment / Key Sites Action Programme will help promote development and raise the profile of Argyll and Bute as a place to come and invest in and help ensure we have infrastructure that supports sustainable growth (SOA outcome 2). For the *Where To Go Outdoors* website, this will help promote outdoor activity in Argyll and Bute and will help provide opportunities for people to live active, healthier lives thereby contributing to outcome 5 of the SOA.

2.3

Expenditure Profile

2.3.1

Historic Environment Strategy, and Strategic Infrastructure Investment / Key Sites Action Programme publication and printing likely to be spent during 2016/17. Website activity in connection with *Where To Go Outdoors* and Strategic Infrastructure Investment / Key Sites Action Programme is expected to be incurred during 2016/17 and 2017/18

Pippa Milne

Executive Director, Development and Infrastructure

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF DEVELOPMENT
AND INFRASTRUCTURE****30 JUNE 2016**

**PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE
WINTER MAINTENANCE**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for winter maintenance for 2016/17, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 This proposal requests a one-off earmarking of funds to cover unforeseen winter maintenance costs incurred in April 2016. Due to unexpected weather conditions in April 2016 winter maintenance costs of approximately £200,000 were incurred.

2.2 Business Case

The Council's Winter Maintenance budget provides the capability to deliver the equivalent of 58 full runs over the season. The actual cost of winter maintenance is dependent upon the severity of winter conditions and is a financial risk in that the service responds to weather events that are not controllable.

For budgeting purposes, the winter period is defined as October to March, the costs incurred in April are out with this period and the winter maintenance programme, noted above. As a result, they have not been budgeted for in the 2016-17 winter maintenance budget.

Historically the winter maintenance budget has overspent due to the unpredictability of winter weather. The costs incurred in April 2016 equate to 11% of the 2016-17 budget, if these costs were not supported by a one-off earmarking it would create an unrealistic challenge on the 2016-17 budget.

2.3 Expenditure Profile

The costs were incurred in April 2016.

Pippa Milne
Executive Director, Development and Infrastructure

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF DEVELOPMENT
AND INFRASTRUCTURE****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**TRANSFORMATION – PROJECT MANAGEMENT**

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

2.1.1 It is proposed that £100,000 be earmarked from the revenue budget underspend within “Other” in 2015/16 to fund project management support to assist in accelerating the pace of transformational change in selected service areas where there is potential to reduce costs, increase income or improve frontline services.

2.2 Business Case

2.2.1 There are a number of opportunities to further reduce the cost of delivering services or to increase the income. The pace of change is dependent on the resources available to progress them. In many cases the streamlined staffing structures now in place and the demands of implementing already agreed service changes have limited the capacity of these teams to deliver further projects which could help to reduce the pressure on revenue budgets. By accelerating the pace of delivery of these change projects financial benefits can be brought forward which will help to mitigate future fiscal challenges.

2.2.2 Examples of the types of project include:

- Reshaping shift patterns in piers and harbours to better match business requirements and reduce overtime.
- Reviewing the structure of fees and charges for piers and harbours.
- Reviewing structures in Roads and Amenity Services

2.2.3 There are also opportunities to improve service delivery by improving customer service and through a proactive approach to reducing complaints and service requests. This will reduce the amount of time officers spend on reactive issues and enable them to focus more on proactive service delivery to the benefit of our communities. Services receiving high levels of customer contact will be the focus of this work.

2.2.4 It is anticipated that the funding will be used to fund project management to support

these projects and staff development focussed on improved customer service. The method of recruiting project managers will depend on the role, length of project and the availability of resources but is anticipated comprise a mixture of secondments, short term contracts and external providers.

- 2.2.5 The potential saving / increased income achieved through these transformational projects is expected to exceed the cost of providing project management support and deliver long term efficiencies and service improvement.

2.3 Expenditure Profile

It is expected that the costs will be incurred during 2016/17.

Pippa Milne
Executive Director, Development and Infrastructure

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF DEVELOPMENT
AND INFRASTRUCTURE****30 JUNE 2016**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for maintenance of 3G pitches across Argyll and Bute, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

To provide funding to bring number of 3G pitches across Argyll and Bute up to a standard for ongoing use. This includes repairs and where necessary replacement of carpets and general maintenance and upkeep of the facilities.

2.2 Business Case**2.2.1 Background**

Approximately ten years ago the Council secured external funding for the development of 3G pitches at nine locations across Argyll and Bute. This project was managed by Facility Services as part of the then Operational Services department.

It is understood that whilst capital funding was secured for the construction of these facilities, there was no provision made for revenue funding for ongoing upkeep of the facilities. At the time of construction it was proposed that the maintenance and management of the facilities would be carried out via community groups or through local schools.

In general, with the exception of the school sites, there has been little if any maintenance carried out to the facilities other than general tidying of the sites. There is no evidence of the original community groups currently being in existence.

Site Locations

The table below details the nine sites. The table also provides a brief commentary regarding known arrangements for maintenance and management of the facilities.

Pitch	Comments
Bendarroch Park, Garelochhead	No known management and charging regime
Kirkmichael, Helensburgh	No known management and charging regime
Tobermory, King George v Park	No known management and charging regime. This facility was initially run by a community group which appear to have been disbanded.
Park Primary School, Oban	Managed by the School.
Lochnell School, Benderloch	Closed - requires resurfacing
Oban High School	Managed by the School/Leisure
Innellan	No known management and charging regime
The Cages, Black Park, Dunoon	5 a side, current lease arrangement with Dunoon 5s. Maintenance carried out as part of arrangements with Dunoon 5s.
Croft Park, Tarbert	No known management and charging regime. Local football club are understood to have carried out some maintenance works historically.

In addition to the above there are 3G pitches at Lochgilphead Joint Campus, Hermitage, Rothesay Joint Campus, Kintyre Aqualibrium and Dunoon Grammar School. Sites covered by a management and charging regime were considered in a report to Policy and Recourses Committee on 5 February 2015 where charges were reviewed.

2.2.2 Tarbert 3G Pitch and Existing Funding

Funding has been allocated as part of the 2016 budget to allow improvements at the 3G pitch at Tarbert. This pitch was constructed in an area where there is understood to be varying depths of peat below the pitch. The loading created by the construction of the pitch has resulted in differential settlement over the area, particularly along the east side. To bring the pitch back up to an acceptable condition the formation of the pitch needs to be levelled, a new carpet laid, fencing repaired and repairs to lighting.

2.2.3 Internal Audit

The Chief Executive has requested an internal Audit to be carried out to bring forward recommendations regarding the future management, maintenance and long term sustainability of these facilities. It is expected that this audit will comment of the scope and sustainability of community groups running sports pitches and the support and input required from the council for this.

2.2.4 Earmarked Reserves

The funding earmarked for the works at Tarbert is £170K and through this report a further £750k (£920k in total) is sought to carry out maintenance works at the remaining facilities. This overall budget is based on a number of assumptions, not least that the carpets will be beyond their useful lives and will be in need of replacement. However, detailed surveys will be required to determine the full extent of works that are progressed.

2.3 **Expenditure Profile**

It is proposed that monies would be spent in this current financial year, subject to the findings of the audit report and consultation with any user groups. As the earmarking requested is based on an estimate, any unrequired amount will be released back to the General Fund.

Pippa Milne
Executive Director Development and Infrastructure

Ref	Service	Description	Balance to be carried forward to 16/17	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
COMMUNITY SERVICES:								
001	Community and Culture	Third Sector Grant Funding	550	Previous Council Decision - Unspent Budget	The Policy and Resources Committee agreed that each Area Committee is permitted to carry forward a proportion of their grant budget, up to a total limit of 10%, in order to provide them with some flexibility in managing grants.	550	0	0
002	Community and Culture	Third Sector Grant Funding	3,747	Previous Council Decision - Unspent Budget	The Policy and Resources Committee agreed that each Area Committee is permitted to carry forward a proportion of their grant budget, up to a total limit of 10%, in order to provide them with some flexibility in managing grants.	3,747	0	0
003	Community and Culture	Third Sector Grant Funding - Helensburgh	5,644	Previous Council Decision - Unspent Budget	The Policy and Resources Committee agreed that each Area Committee is permitted to carry forward a proportion of their grant budget, up to a total limit of 10%, in order to provide them with some flexibility in managing grants. For 2015-16, its was agreed at the P&R Committee meeting on 29 October 2015 that Helensburgh and Lomond Area could carry forward in excess of 10% of the total grant. This was due to the cancellation of the Helensburgh Highland Games and partial cancellation of the Rosneath Highland Games.	5,644	0	0
004	Community and Culture	Scottish Library and Information Council (SLIC)	5,925	Unspent Grant	To be spent in accordance with SLIC's initiatives. This pilot spans two financial years and agreement has been sought from SLIC in respect of this.	5,925	0	0
006	Community and Culture	NHS - Health and Wellbeing	5,000	Unspent Grant	To be spent in accordance with NHS - Health & Wellbeing	5,000	0	0
007	Community and Culture	NHS - Falls Prevention Training	5,000	Unspent Grant	To be spent in accordance with NHS - 'Falls Prevention Training' (staff are required to be trained to provide falls prevention interventions in Argyll & Bute).	5,000	0	0
008	Community and Culture	Football Development	1,972	Unspent Grant	To be spent in accordance with the conditions of the various football programmes funded. Agreement has been sought from the SFA in respect of this.	1,972	0	0
009	Community and Culture	NHS - Living Well Physical Activity	65,677	Unspent Grant	To be spent in accordance with the conditions of the NHS - two Living Well Physical Activity posts.	65,677	0	0
010	Community and Culture	Active Schools	47,559	Unspent Grant	Balance to be spent on targeted work linked to the Active Schools action plan and outcomes. Agreement has been sought from Sportscotland in respect of this.	47,559	0	0
011	Community and Culture	Community Sports Hubs	6,738	Unspent Grant	Balance to be spent on targeted work linked to the Active Schools - Sports Hub action plan and outcomes. Agreement has been sought from Sportscotland in respect of this.	6,738	0	0
012	Community and Culture	Oban Community Sports Field	2,595	Unspent Third Party Contribution	To build up funds to then be able to re-invest into the Pitches	0	2,595	0
013	Community and Culture	Community Planning Partnership	6,656	Unspent Third Party Contribution	Police & Fire Contribution	6,656	0	0
014	Education	Schools Carry-Forward	1,209,616	DMR Schools	In accordance with DMR regulations.	1,209,616	0	0
015	Education	Psychology of Parenting	6,000	Unspent Grant	To support continuation of Incredible Years element of Psychology of Parenting programme (carry-forward agreed by NES)	6,000	0	0

Ref	Service	Description	Balance to be carried forward to 16/17	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
016	Education	MOD Education Support Fund - Colgrain	19,000	Unspent Grant	To allow the purchase of a range of IT equipment including laptops and tablets, by the end of academic year 2016/2017, in accordance with terms of grant award.	19,000	0	0
017	Education	Education Scotland Creative Arts grant	4,946	Unspent Grant	To support various creative arts projects in schools in accordance with terms of grant award.	4,946	0	0
018	Education	Creative Scotland Youth Music Initiative grant	31,276	Unspent Grant	To fund Music Teachers and music projects from April to June in accordance with terms of grant award.	31,276	0	0
019	Education	Sports Scotland PE Support Programme grant	10,197	Unspent Grant	To part fund PE co-ordinator salary/travel costs from April to June 2016 in accordance with terms of grant award.	10,197	0	0
020	Education	Ministry of Defence Support for Service Children grant	135,138	Unspent Grant	To fund approximately 2.5FTE support Teachers salary costs from April to June 2016 in accordance with terms of grant award.	135,138	0	0
021	Education	NPDO Unitary Charge	500,000	NPDO	Unitary charge budget included for 2015-16 that was not required -agreed in February 2016 that this would be carried forward to be used towards the schools project.	500,000	0	0
CUSTOMER SERVICES:								
022	Governance & Law	CCTV Maintenance	30,000	Unspent Grant	Maintenance of CCTV systems. Funds transferred from external bodies to maintain systems for future years.	10,000	10,000	10,000
023	Governance & Law	WWI Commemoration Event	25,000	Previous Council Decision - Unspent Budget	It was previously agreed at Council on 24 September 2015 to earmark monies to partly fund the WWI commemoration event, to be accommodated from within the Customer Services outturn position.	0	25,000	0
024	Customer and Support Services	Scottish Welfare Fund	23,413	Unspent Grant	Additional Scottish Government funding for the Scottish Welfare Fund Crisis Grants and Community Care Grants. The Council report to the Scottish Government on spend in these areas and it is a requirement of the funding that any unspent element in year is carried forward for use in the following financial year.	23,413	0	0
025	Customer and Support Services	Housing Benefit Admin Grant	73,422	Unspent Grant	Additional Housing Benefit grant monies received during 2015-16 for FERIS incentive payments and maintenance fund bids, software enhancements, new burdens funding for SFIS and DHP administration. These monies will be spent during 2016-17 on temporary staff to cover Discretionary Housing Payments.	73,422	0	0
026	Improvement and HR	Service Choices HR Team	149,283	Previous Council Decision - Unspent Budget	Council previously approved £194k of the Customer Services projected underspend for 2015-16 to be utilised to put in place a service choices team for HR to manage the HR process of redundancy and service re-design. This was to be for a 2 year period with a carry forward of monies to fund this, as per agreement at Policy and Resources Committee on 20 August 2015.	97,000	52,283	0
027	Facility Services	Contingent Liability - Capital Project	750,000	Existing Legal Commitment	There is a contingent liability in respect of the capital plan. The earmarked amount is an estimate and any unrequired amount would be released back into the general fund. It was the intention that any amount would be accommodated from within the favourable Customer Services 2015-16 outturn position.	750,000	0	0

Ref	Service	Description	Balance to be carried forward to 16/17	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
028	Facility Services	Catering and Cleaning project	42,250	Existing Legal Commitment	There is a longer term innovation project underway to re-design the delivery of catering and cleaning services. This was approved as part of the service choices process. A consultant has been engaged to undertake the groundwork in terms of delivering recommendations on the way forward for service delivery. A contract is in place with the consultant with the work due to be completed in July 2016.	42,250	0	0
029	Executive Director of Customer Services	NPDO Underspend	540,000	NPDO	Contract management underspends with the NPDO - agreed in February 2016 that this would be carried forward to be used towards the schools project.	540,000	0	0
DEVELOPMENT AND INFRASTRUCTURE SERVICES:								
030	Economic Development	Kilmartin Museum	25,000	Previous Council Decision - Unspent Budget	Kilmartin Museum Stage 2 Development Stage. KM will proceed to undertaking stage 2 development costing around £400,000 from which 75% of costs will be released from the Stage 1 HLF approval. It is agreed that the remaining 25% will be split evenly between the Council (£50k) and HIE (£50k). The council's contribution was to be split over two years, 14/15 and 15/16. No payment was made during 14/15.	25,000	0	0
031	Economic Development	Employability	456,000	Previous Council Decision - Other	The Councils Employability Team requested additional funding to complete the contractual obligation to deliver a Welfare to Work programme. The additional funding was agreed at the Council meeting on 29 October 2015.	456,000	0	0
032	Roads and Amenity Services	Christmas Lights	300,000	Previous Council Decision - Other	Funding for Christmas Lights over a period of 3 years was agreed at the Council meeting on 11 February 2016 - this was to be funded by Reserves. Due to the favourable year end position 2015-16 and particularly due to one-off underspends in respect of the pay award and loans charges, this can now be accommodated from within resources allocated as part of the 2015-16 budget. The reserves funding committed in February 2016 can now be released back to the General Fund.	100,000	100,000	100,000
033	Roads and Amenity Services	Contingent Liability	250,000	Existing Legal Commitment	There is a contingent liability in respect of a legal case. The earmarked amount is an estimate and any unrequired amount would be released back into the general fund. Due to the favourable year-end variance within D&I this provision can be accommodated from within 2015-16 budget.	250,000	0	0
INTEGRATION SERVICES:								
034	Adult Care	Care at Home - Fair Work Practices	49,403	Unspent Third Party Contribution	Additional funding in 2015/16 from SG to improve working practices for social care workers delivering care at home services. Funds to be spent on enabling staff to attend training events.	49,403	0	0
035	Adult Care	Integrated Care Fund Balance	16,768	Unspent Third Party Contribution	Additional funding for mthe Integrated Care Fund to fund training on falls prevention and marketing homecare careers.	16,768	0	0
036	Children and Families	Criminal Justice Transformation Funding	50,000	Unspent Third Party Contribution	Additional funding from SG to fund redesign work within Criminal Justice. Funds to be pooled with equivalent additional funding received by our CJ Partnership Partners to fund a transformation and development project across the three partner areas.	50,000	0	0
OTHER:								

Ref	Service	Description	Balance to be carried forward to 16/17	Reason for Carry Forward	Plans for Use	Spending profile		
						Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
037	Energy Efficiency Fund	Energy Efficiency Fund	175,247	Energy Efficiency Fund	The Central Energy Efficiency Fund (CEEF) was launched by the Scottish Government in 2004 to support the delivery of energy efficiency and renewable energy measures to reduce carbon emissions in the Scottish Public Sector. The original Council allocation of funding was £286k and there were terms and conditions attached to the funding which included formally reporting to the SG on energy efficient measures implemented from the fund. Part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in order that there was a revolving fund to continually reinvest in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future carbon reducing projects. Maintaining this fund also assists the Council to make progress towards reducing carbon emissions and therefore not only to secure savings in energy costs but also in the cost of Carbon Reduction Scheme Allowances.	no specific spending plan	no specific spending plan	175,247
038	NPDO	NPDO Refinancing gain	1,650,000	NPDO	Refinancing gain for NPDO schools - agreed in February 2016 that this would be carried forward to be used towards the schools project.	1,650,000	0	0
039	Strategic Housing Fund	Strategic Housing Fund	1,991,918	Strategic Housing Fund	Strategic Housing Fund. Council tax collected during 2015-16 from 2nd homes discount from properties, requires to be earmarked as part of the Strategic Housing Fund balance.	no specific spending plan	0	1,991,918
			8,670,940			6,203,897	189,878	2,277,165

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015/16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Plans for Use	Spending profile		
												Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
	ALL		Completed Projects During 2015-16	659,925		659,925			0	Previous Council Decision				
	ALL		Completed Projects During 2015-16	258,766		258,766			0	Unspent Budget				
INTEGRATION SERVICES:														
001	Integration Services	Adult Care	Autism Strategy	14,776	0	2,350	0	0	12,426	Unspent Budget	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2016-17 on planned training.	12,426	0	0
002	Integration Services	Adult Care	Residential Care Home Placements (Charging Order Income)	200,000	0	0	0	0	200,000	Previous Council Decision	Contingency put in place in February 2013 to offset budget saving options for Adult Care Service. The Council holds a debtor on the balance sheet for the level of charging orders in place, this earmarked balance is a holding account to retain the monies that were generated in creating the debtor. These funds have not yet been recovered, if this earmarked balance was fully removed there would be an issue for the service if the debt is not recovered.	Contingency balance - no spending plan for earmarked balance.	Contingency balance - no spending plan for earmarked balance.	200,000
003	Integration Services	Children and Families	Early Intervention (Early Years Change Fund)	456,996	0	229,682	0	0	227,314	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Expenditure plan has been prepared.	227,314	0	0
COMMUNITY SERVICES:														
004	Community Services	Education	Developing Scotland's Young Workforce	137,234	0	85,595	0	0	51,639	Unspent Budget	Developing an Argyll & Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people.	51,639	0	0
005	Community Services	Education	Youth Employment Opportunities Fund	150,013	0	28,565	0	0	121,448	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme, delays in implementation but there is now a spending plan in place.	121,448	0	0
006	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	534,747	0	201,520	0	0	333,227	Previous Council Decision	Additional revenue costs associated with development of new schools. Draw down as Schools project progresses and project costs are incurred.	277,113	56,114	0
CUSTOMER SERVICES:														
007	Customer Services	Executive Director of Customer Services	NPDO	200,000	0	0	200,000	0	0	Unspent Budget	It was agreed at the Council meeting in February 2016 that this earmarking be released back to the General Fund due to ESA 10 legislation.	0	0	0
008	Customer Services	Executive Director of Customer Services	NPDO	1,001,271	0	0	1,001,271	0	0	Unspent Budget	It was agreed at the Council meeting in February 2016 that this earmarking be released back to the General Fund due to ESA 10 legislation.	0	0	0
009	Customer Services	Improvement and HR	Resourcelink Review	42,450	0	0	0	(97,000)	139,450	Unspent Budget	Historically funding for Resourcelink 4 Project. The scope of the project was reduced due to the level of funding available, earmarking of this underspend would allow some of the project actions that were updated as being out of scope to be accelerated and delivered in a shorter timescale. In addition £97k has been transferred from the amount unrequired from the PVG earmarked balance to fund the shortfall in the Resourcelink 5 business case and to allow for this project to be delivered.	75,450	64,000	0

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015/16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Plans for Use	Spending profile		
												Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
010	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	113,492	0	60,420	0	0	53,072	Unspent Budget	Fund the Argyll and Bute Manager training programme which has been extended. A number of managers have been trained and the funding is being used to roll this out across all managers. Once full coverage has been achieved the training will become part of business as usual for Learning and Development.	43,830	9,242	0
011	Customer Services	Improvement and HR	Learning and Development	120,840	0	0	0	0	120,840	Unspent Budget	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period.	77,970	24,358	18,512
012	Customer Services	Customer and Support Services	Discretionary Housing Payments	138,368	0	102,638	0	0	35,730	Previous Council Decision	Additional funding from the Scottish Government for the 2014-15 allocation for Discretionary Housing Payments, agreed that this underspend can be carried forward to supplement monies available for DHPs in 2015-16 as it is expected that the allocation will reduce and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 17 March 2016 and recommended that the remaining balance be carried forward into 2016-17 to allow current priorities to be maintained – these will become under pressure from the new reduced benefit cap	35,730	0	0
013	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	464,706	0	231,910	0	0	232,796	Previous Council Decision	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2016.	232,796	0	0
014	Customer Services	Facility Services	Asbestos Management	223,155	0	59,374	0	0	163,781	Previous Council Decision	Asbestos survey to be carried out for all of the Council properties. Reserves were approved to fund a 3 year programme of asbestos works, the original amount earmarked was £513k. The remaining monies will be spent during 2016-17.	163,781	0	0
015	Customer Services	Customer and Support Services	Customer Contact Centre Replacement	94,680	0	0	0	0	94,680	Previous Council Decision	Policy and Resources Committee Decision of 19 March 2015. Revenue budget approved to fund the additional one-off revenue requirements to replace the Customer Contact systems.	94,680	0	0
DEVELOPMENT AND INFRASTRUCTURE SERVICES:														
016	Development and Infrastructure	Roads and Amenity Services	Street Lighting Survey	132,000	0	0	0	0	132,000	Unspent Budget	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date.	132,000	0	0
017	Development and Infrastructure	Roads and Amenity Services	Amenity Services introduction of management information system	135,500	0	0	0	0	135,500	Unspent Budget	To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. This will be progressed further in 2016-17.	135,500	0	0

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015/16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Plans for Use	Spending profile			
												Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards	
018	Development and Infrastructure	Economic Development	Kilmartin Museum	25,000	0	0	0	0	25,000	Previous Council Decision	Kilmartin Museum Stage 2 Development Stage. KM will proceed to undertaking stage 2 development costing around £400,000 from which 75% of costs will be released from the Stage 1 HLF approval. It is agreed that the remaining 25% will be split evenly between the Council (£50k) and HIE (£50k). The council's contribution was to be split over two years, 14/15 and 15/16. No payment was made during 14/15.	25,000	0	0	
019	Development and Infrastructure	Economic Development	Scottish Submarine Museum	90,000	0	50,000	0	0	40,000	Previous Council Decision	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Fasilane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014. The balance of the fund will be spent in 2016-17.	40,000	0	0	
020	Development and Infrastructure	Economic Development	Hermitage Park HLF	300,000	0	20,000	0	0	280,000	Previous Council Decision	The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities This will be achieved through the following : 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls, 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors, 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park, 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.	0	280,000	0	
021	Development and Infrastructure	Economic Development	Rothesay Pavilion Essential repairs	306,400	0	0	0	0	306,400	Previous Council Decision	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0	
022	Development and Infrastructure	Economic Development	Oban TIF (Tax Incremental Financing)	1,590,902	0	112,835	0	0	1,478,067	Previous Council Decision	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	332,000	896,000	250,067	
023	Development and Infrastructure	Planning and Regulatory Services	Advice Services	70,000	0	0	15,000	0	55,000	Previous Council Decision	To provide certainty to existing providers while a review of advice services within Argyll and Bute is completed. Budget provision was approved by Council on 12 February 2015.	32,500	22,500	0	
024	Development and Infrastructure	Roads and Amenity Services	Waste Management	178,361	0	114,000	0	0	64,361	Previous Council Decision	Will be used towards Waste Management longer term model. Delay in introduction of comingled collection due to legal issues that remain to be resolved, however monies will be required for waste management longer term model.	64,361	0	0	
OTHER															

Unspent Budget/Non Automatic Carry Forward Earmarkings
Previously Agreed Amounts

Appendix 3

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015/16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Plans for Use	Spending profile		
												Amount Planned to be Spent in 2016/17	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent from 2018/19 onwards
025	HQ Non Dept	n/a	Community Resilience Fund	200,000	0	4,583	100,000	0	95,417	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	Contingency balance - no spending plan for earmarked balance.	Contingency balance - no spending plan for earmarked balance.	95,417
026	HQ Non Dept	n/a	PVG Retrospective Phase	151,785	0	11,761	43,024	97,000	0	Unspent Budget	Agreed in February 2013 to be earmarked from overall favourable projected outturn .	0	0	0
027	HQ Non Dept	n/a	Support Staff for PVG Retrospective Phase	47,247	0	13,537	33,710	0	0	Unspent Budget	Agreed in February 2013 to be earmarked from overall favourable projected outturn .	0	0	0
				8,038,614	0	2,247,461	1,393,005	0	4,398,148			2,481,938	1,352,214	563,996

Other Earmarked Balances
Previously Agreed Amounts

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015-16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
	ALL		Completed Projects During 2015-16	161,986	0	161,986	0	0	0	Unspent Grant		
	ALL		Completed Projects During 2015-16	12,383	0	12,383	0	0	0	Unspent Third Party Contribution		
	ALL		Completed Projects During 2015-16	737,225	0	737,225	0	0	0	DMR		
INTEGRATION SERVICES												
001	Community Services	Adult Care	Sensory Impairment	24,984	0	8,984	0	0	16,000	Unspent Grant	Scottish Government	To be spent in the implementation of Self Directed Support. Scottish Government were provided with a spending plan to back up the carry forward proposal and agreed the carry forward of grants. There was some slippage against the planned spend due to the recruitment date of the posts and the timing of contractual payments to the third sector partner.
002	Community Services	Adult Care	Self Directed Support	223,138	0	205,398	0	0	17,740	Unspent Grant	Scottish Government	To be spent on the delivery of improvement in sensory impairment services and support for children and adults via partnership working.
COMMUNITY SERVICES:												
003	Community Services	Community and Culture	Oban Community Sports Field	6,436	0	0	0	0	6,436	Unspent Third Party Contribution		To build up fund to enable replacement costs to be met.
004	Community Services	Community and Culture	Community Planning Partnership	3,432	0	0	0	0	3,432	Unspent Third Party Contribution	Community Planning Partners	Partner contributions for use as required.
005	Community Services	Education	1+2 Languages	134,165	0	8,207	0	0	125,958	Unspent Grant	Scottish Government	Provide additional resources for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.
CUSTOMER SERVICES:												
005	Customer Services	Customer and Support Services	Benefit Admin Grant	93,523	0	0	0	0	93,523	Unspent Grant	DWP Grant	Benefit Administration activities in the build up to the migration of Housing Benefit to Universal Credit. Grant monies which would have to be repaid if not utilised for intended purpose. These monies are committed to cover ongoing Benefit Administration Activities in 16/17 in the build up to the migration of Housing Benefit to Universal Credit.
006	Customer Services	Customer and Support Services	Council Tax Reduction Scheme	122,000	0	0	0	0	122,000	Existing Legal Commitments	Scottish Government	Additional funding from Scottish Government to meet additional costs of implementation, funds are required for 2016-17 to fund temporary posts in Revenues and Benefits and software enhancement and digital claim form.
007	Customer Services	Governance & Law	Community Safety Partnership	22,360	0	822	0	0	21,538	Existing Legal Commitments	n/a	Corporate Initiative with specific funding to deliver a project. To fund reconfiguration of Dunoon CCTV Scheme.
008	Customer Services	Governance & Law	CCTV Maintenance	49,577	0	34,692	0	0	14,885	Unspent Third Party Contribution	Funds transferred from external bodies to maintain systems for future years.	Council Decision of 20 Sept 2007.
	Customer Services	Governance & Law	CCTV Maintenance	30,000	0	0	0	0	30,000	Unspent Grant	Funds transferred from external bodies to maintain systems for future years.	Maintenance of CCTV systems. Funds transferred from external bodies to maintain systems for future years.
009	Customer Services	Improvement and HR	Bord na Gaidhlig	89,850	0	13,460	0	0	76,390	Unspent Grant		Grant funding from Bord na Gaidhlig.

Other Earmarked Balances
Previously Agreed Amounts

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015-16	Funds unearmarked	Reallocated Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
010	Customer Services	Improvement and HR	Social Work Training - Violence Against Women Training	2,809	0	0	0	0	2,809	Unspent Third Party Contribution		Grant funding from NHS. Will be used as a contribution to the funding package put in place for the implementation of MARAC, which is a multi agency process used to protect victims of domestic violence.
DEVELOPMENT AND INFRASTRUCTURE SERVICES:												
011	Development Services	Roads and Amenity Services	Street Lighting Survey	43,000	0	0	0	0	43,000	Unspent Grant	Scottish Government	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date. The Scottish Government have made available £2 million to local authorities to enable councils to explore energy efficiency investment in street lighting assets, Argyll and Bute share of this is £43k.
012	Development Services	Economic Development	CHORD	96,105	0	0	0	0	96,105	CHORD		Delivery of CHORD Programme
013	Development Services	Roads and Amenity Services	Drivesafe	12,259	0	4,400	0	0	7,859	Unspent Third Party Contribution	Strathclyde Fire and Rescue	Contribution from Strathclyde Fire and Rescue.
014	Development Services	Roads and Amenity Services	Mercury Abatement - Crematorium	94,150	0	0	0	0	94,150	Unspent Third Party Contribution	Mercury Abatement Fund	Part fund replacement cremator.
015	Development Services	Roads and Amenity Services	Playing Fields - all weather facility	22,240	0	0	0	0	22,240	Unspent Third Party Contribution		Monies from users carried forward to fund repairs & maintenance of all weather playing fields.
OTHER:												
016	HQ Non Dept	n/a	Revenue Contribution to Capital for Dunoon and Campbeltown Schools	6,000,000	0	0	5,885,000	0	115,000	NPDO		£6m (originally £3m) is directly earmarked for schools project. The balance of £6.5m (originally £9.5m) is allocated for investment in affordable housing via the Strategic Housing Fund. The rationale for this is that the investment would generate sufficient surplus to meet the borrowing costs of £6.5m to support the schools project. At the Council meeting on 11 February 2016, it was agreed that £5.885m be released back to the general fund to comply with ESA 10 regulations. The remaining balance has no spending plan.
017	HQ Non Dept	n/a	Investment in Affordable Housing	6,500,000	0	0	1,500,000	0	5,000,000	Investment in Affordable Housing		Agreed at Council Meeting 11 February 2016. This was reduced from £6.5m to £5m.
018	HQ Non Dept	n/a	Strategic Housing Fund	7,672,491	0	3,082,949	0	0	4,589,542	Strategic Housing Fund	n/a	Strategic Housing Fund. Council tax collected during 2013-14 from 2nd homes discount from properties, requires to be earmarked as part of the Strategic Housing Fund balance.
019	Non Departmental	Non Departmental	Hebridean Air Service contract	0	85,000	0	0	0	85,000	Previous Council Decision - Other		Agreed at Council Meeting June 2015. It was agreed that the costs would be covered by reserves.
020	Non Departmental	Non Departmental	Waverley	0	10,000	0	0	0	10,000	Previous Council Decision - Other		Previously agreed in 2013-14.
021	Non Departmental	Non Departmental	Innovation Fund	0	100,000	0	0	0	100,000	Transformation		Agreed at Council Meeting October 2015. Fund has been set up to provide support to internal ideas to generate income or reduce costs through efficiencies/redesign.

Other Earmarked Balances
Previously Agreed Amounts

Ref	Department	Service	Description	Amount Earmarked at 31 March 2015	New Earmarking	Actual Spend 2015-16	Funds unearmarked	Realigned Funds	Remaining Balance at 31 March 2016	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
023	Non Departmental	Non Departmental	Hermitage Park Unwriting	0	268,000	0	250,000	0	18,000	Previous Council Decision - Other		A report was considered in relation to Hermitage Park, Helensburgh at the Council meeting on 21 January 2016. The report advised that there was a current funding gap of circa £0.268m out of a £3.111m project. It was agreed at Council in February 2016 that an underwriting provision be made from the General Fund Balance, however, applications had been submitted to a range of external funders and the underwriting may not be required. The sum of £0.250m has been secured from the MOD Covenant Fund and therefore this amount can be released back into the General Fund balance. Funding from SUSTRANS has also been secured, however, the funding is conditional on the satisfaction of final designs. At this stage, it would be prudent to continue to earmark the remainder of the underwriting.
024	Non Departmental	Non Departmental	Investment in HubCo	0	506,000	0	14,209	0	491,791	Asset Management Investment		It was agreed at the Council meeting February 2016 that the investment in HubCo be supported. The earmarking has been updated to show the actual investment costs.
025	Non Departmental	Non Departmental	Broadband Pathfinder	0	580,000	0	0	0	580,000	Previous Council Decision - Other		Agreed at Council Meeting 11 February 2016. One-off costs pressures were to be funded by reserves
026	Non Departmental	Non Departmental	Service Choice Redundancy provision	0	3,500,000	0	0	0	3,500,000	Severance		Agreed at Council Meeting 11 February 2016. It was agreed that the costs of Redundancies due to Service Choice savings would be covered by reserves.
027	Non Departmental	Non Departmental	Helensburgh Waterfront Development	0	5,579,000	0	0	0	5,579,000	Helensburgh Waterfront		Agreed underwriting at the Council Meeting on 11 February 2016.
028	Non Departmental	Non Departmental	Regeneration and Economic sustainability in Lochgilphead & Tarbet.	0	3,000,000	0	0	0	3,000,000	ALIRI		Agreed at Council Meeting 11 February 2016.
029	Non Departmental	Non Departmental	Inward investment Fund	0	1,000,000	0	0	0	1,000,000	ALIRI		Agreed at Council Meeting 11 February 2016. This fund has been set up to generate economic and population growth within Argyll & Bute. The aim is to encourage business and people to set up and live in Argyll & Bute.
030	Non Departmental	Non Departmental	Asset Management Fund	0	2,000,000	0	0	0	2,000,000	Asset Management Investment		Agreed at Council Meeting 11 February 2016. This fund has been set up to allow the Council to invest monies where relevant to generate a return that will be reinvested within Argyll & Bute.
031	Non Departmental	Non Departmental	Flood Coastal Protection	0	200,000	0	0	0	200,000	Previous Council Decision - Other		Agreed at Council Meeting 11 February 2016.
032	Non Departmental	Non Departmental	Tarbert Sports Pitches	0	170,000	0	0	0	170,000	Previous Council Decision - Other		Agreed at Council Meeting 11 February 2016.
033	Non Departmental	Non Departmental	Rural Resttlement Fund	0	500,000	0	0	0	500,000	ALIRI		Agreed at Council Meeting 11 February 2016. This fund has been set up to develop ways in which the Council can encourage families to move into Argyll & Bute. This is aimed at slowing the population decline and attracting skilled workforces.
				22,154,113	17,498,000	4,270,506	7,649,209	0	27,732,398			

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ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****30 June 2016**

CAPITAL BUDGET MONITORING REPORT – 31 March 2016

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 March 2016. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Outturn for 2015-16** – Net expenditure for the full financial year is £24,185k compared to an annual budget of £27,415k giving rise to an underspend for the year of £3,230k (11.8%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £222,268k compared to a total budget for all projects of £222,568k giving rise to a forecast underspend for the overall capital plan of £300k (0.1%). The forecast underspend is within the capital programme tolerances and requires no corrective action to be taken as the actual spend will only be determined when the projects are completed.

1.3 Project Delivery:

- **Asset Sustainability** – Out of 184 projects there are 166 projects (90%) on track and 18 projects (10%) off track and recoverable.
- **Service Development** - Out of 41 projects there are 24 projects (59%) on track and 17 projects (41%) off track and recoverable.
- **Strategic Change** – Out of 34 projects there are 18 projects (53%) on track and 16 projects (47%) off track and recoverable.

CAPITAL BUDGET MONITORING REPORT – 31 March 2016

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 March 2016. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

2.2 Financial Position:

- **Outturn for 2015-16** – Net expenditure for the full financial year is £24,185k compared to an annual budget of £27,415k giving rise to an underspend for the year of £3,230k (11.8%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £222,268k compared to a total budget for all projects of £222,568k giving rise to a forecast underspend for the overall capital plan of £300k (0.1%). The forecast underspend is within the capital programme tolerances and requires no corrective action to be taken as the actual spend will only be determined when the projects are completed.

2.3 Project Delivery:

- **Asset Sustainability** – Out of 184 projects there are 166 projects (90%) on track and 18 projects (10%) off track and recoverable.
- **Service Development** - Out of 41 projects there are 24 projects (59%) on track and 17 projects (41%) off track and recoverable.
- **Strategic Change** – Out of 34 projects there are 18 projects (53%) on track and 16 projects (47%) off track and recoverable.

3 RECOMMENDATIONS

3.1 Note the contents of this financial summary.

4 OUTTURN FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure for the full year is £24,185k compared to a budget for the year of £27,415k giving rise to an underspend for the year of £3,230k (11.8%) the detail can be seen in Appendix 6.

4.2 Project/Department Position

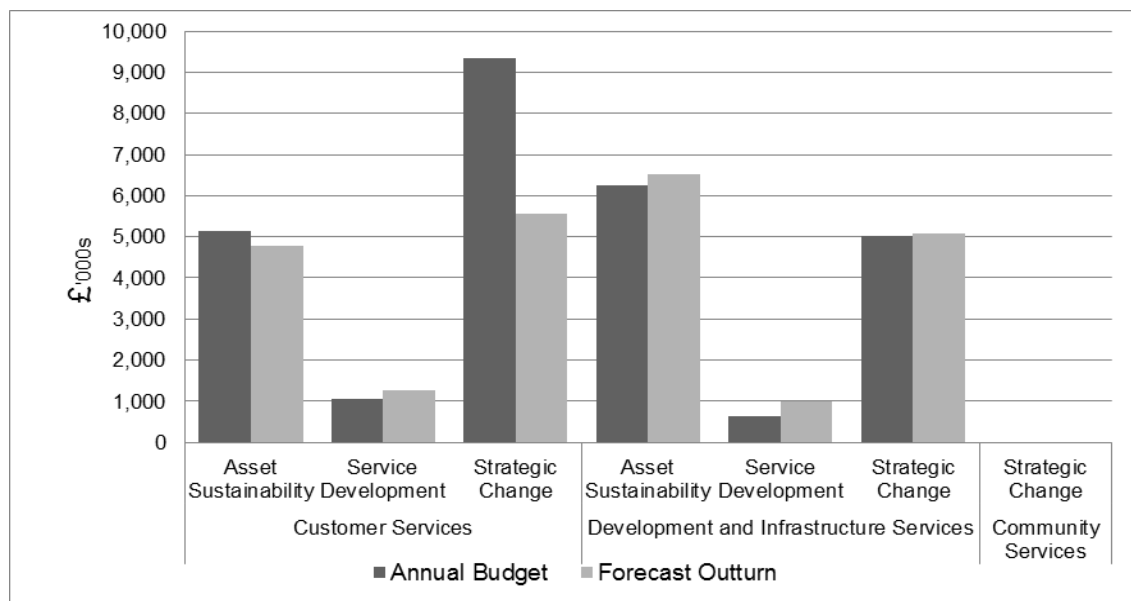
The table below shows the full year net expenditure against the annual budget by project type and department:

Project Type:	Annual Budget £'000	Actual Outturn £'000	(Over)/Under Variance £'000
Asset Sustainability	11,387	11,284	103
Service Development	1,668	2,255	(587)
Strategic Change	14,360	10,646	3,714
Total	27,415	24,185	3,230
Department:			
Customer Services	15,523	11,594	3,929
Development and Infrastructure Services	11,892	12,591	(699)
Community Services	0	0	0
Total	27,415	24,185	3,230

Material variances are explained in Appendix 1 and there are a number of small variances contributing to the actual outturn.

4.3 Chart of Outturn Variances

The graph below compares the actual net expenditure against the budget for departments by project type (Asset Sustainability, Service Development and Strategic Change):



5 TOTAL PROJECT COSTS

5.1 Overall Position

The forecast total net project cost on the total capital plan is £222,268k compared to a total budget for all projects of £222,568k giving rise to a forecast underspend for the overall capital plan of £300k (0.1%).

5.2 Project/Department Position

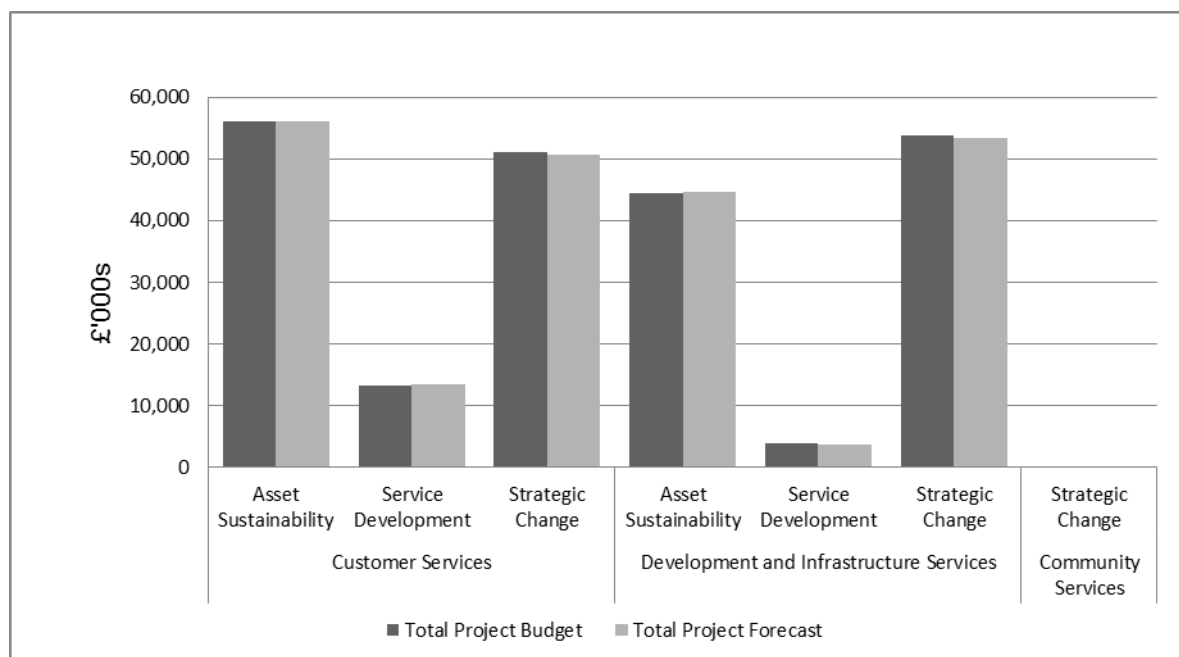
This table shows the forecast total net project cost and the budget for total project costs by project type and department:

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan (Over)/Under Variance £'000
Asset Sustainability	100,541	100,813	(272)
Service Development	17,141	17,273	(132)
Strategic Change	104,886	104,182	704
Total	222,568	222,268	300
Department:			
Customer Services	120,568	120,368	200
Development and Infrastructure Services	102,000	101,900	100
Community Services	0	0	0
Total	222,568	222,268	300

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

5.3 Chart of Total Project Costs

The graph below shows the total forecast net position against full project budget for Departments by project type:



6 TOTAL PROJECT PERFORMANCE

6.1 Overall Position

There are 259 projects within the Capital Plan, 208 are Complete or On Target and 51 are Off Target and Recoverable.

6.2 Project Position

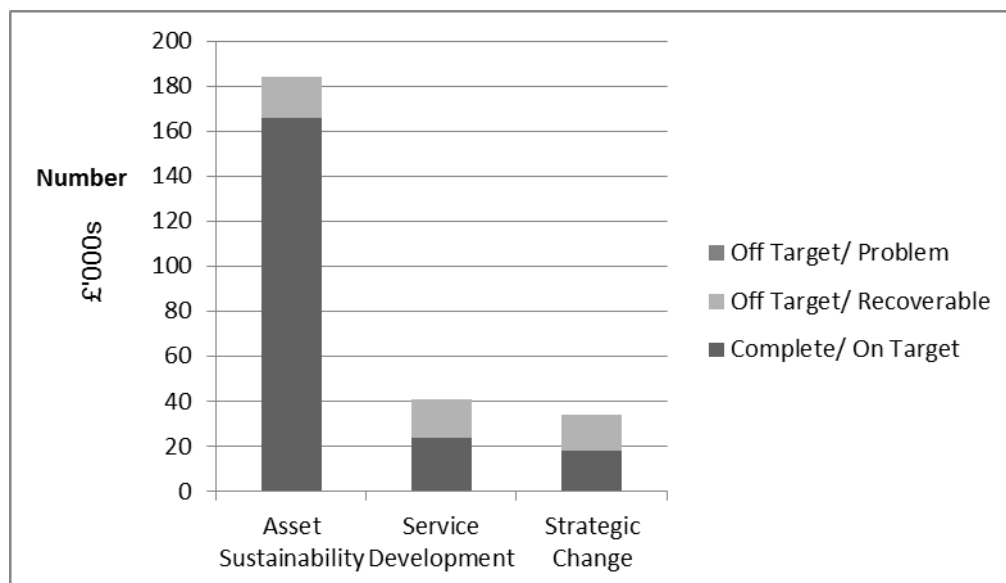
The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	166	18	0	184
Service Development	24	17	0	41
Strategic Change	18	16	0	34
Total	208	51	0	259
Department:				
Customer Services	180	34	0	214
Development and Infrastructure Services	28	17	0	45
Total	208	51	0	259

Appendices 3, 4 and 5 show the Performance Status of the projects in further detail.

6.3 Chart of Performance Status

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



7 OFF TRACK PROJECTS

7.1 There are currently no projects recognised as off track.

8 REVISED CAPITAL PLAN

8.1 The revised capital plan to take account of the changes outlined in the paragraphs above can be seen in Appendix 7.

9 APPENDICES

- **Appendix 1** – 2015/16 Outturn finance variance explanations
- **Appendix 2** - Total Project finance variance explanations
- **Appendix 3** - Project Performance - Asset Sustainability
- **Appendix 4** - Project Performance - Service Development
- **Appendix 5** - Project Performance - Strategic Change
- **Appendix 6** - Financial Summary – Overall
 - Financial Summary – DIS
 - Financial Summary – Customer Services
- **Appendix 7** - Updated/Revised Capital Plan - Overall
 - Updated/Revised Capital Plan – Community Services
 - Updated/Revised Capital Plan – Customer Services
 - Updated/Revised Capital Plan – DIS

Kirsty Flanagan
Head of Strategic Finance
20th June 2016

APPENDIX 1 - Outturn Variance Explanations

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

Project	Annual Budget £'000	Actual Outturn £'000	(Over)/Under Variance £'000	Explanation
PC Replacement	585	511	74	False commitments resulting in inability to complete forward spend plans. Propose to slip to 2016/17.
Bowmore Primary School	(47)	3	(50)	Additional works in previous years together with fees for asbestos and bat surveys have resulted in overspend which will be subject to a virement from underspends elsewhere.
Port Charlotte Primary School	147	85	62	Tender returns have come in well below budget; balance will be used for other projects within Education.
Small Isles Primary School	(56)	6	(62)	Additional work was required due to discovery of rot in roof structure. To be funded by underspends elsewhere within Education. Project Manager will consider where this negative budget can be funded from.
St Joseph's Primary School	110	55	55	Tender returns came in well below budget; balance will either be used for new extract plant in the kitchen or vired to other projects within Education.
Tiree High School	(66)	10	(76)	Result of overspend in previous years regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
Tobermory High School	(46)	38	(84)	Overspend as a result of the high costs of rewiring, replumbing and upgrades to toilets and common areas. Project Manager will consider where this negative budget can be funded from once final costs have been confirmed.
Capital Property Works	202	132	70	To be slipped to 2016/17 to reflect anticipated spend.
Legionella Control Works	120	58	62	Project spend dates to be confirmed. £20k to be vired to cover overspends elsewhere within Service.
Hermitage Primary Annexe Replacement	(68)	2	(70)	Extra work was required to retaining wall. Project Manager to identify surplus Education budgets which can fund this over spend.
St Joseph's Pre 5 Parenting Facilities	(58)	0	(58)	Overspends in previous years for family educational facilities. Project Manager will consider where this negative budget can be funded from within Education.
Tayvallich Primary School – Pre Five Unit	(8)	52	(60)	Overspends in respect of provision of the unit. Project Manager will consider where this negative budget can be funded from.
Campbeltown Schools Redevelopment	1,267	1,135	132	Funding arrangements to be confirmed. Construction commenced 3 rd May 2016.

Dunoon Primary School	518	65	453	Funding arrangements to be confirmed. Construction commenced 3 rd May 2016.
Replacement of Oban High School	1,852	1,681	171	Funding arrangements to be confirmed.
Kirn Primary School	1,577	336	1,241	Funding arrangements to be confirmed.
Rothesay Library	(53)	0	(53)	Additional works to alarm system and extensive repairs to roof/windows. Project Manager will consider where this can be funded from.
Children and Families – Health & Safety	77	0	77	Propose to vire the budget of £75k to other projects that are overspent.
Non-NPDO Schools PV Panel Installations	109	12	97	Funded by Prudential Borrowing. Works completed 2015. Final accounts to be agreed and paid in 2016/17. Propose to slip to 2016/17 to reflect timescale for agreement of final accounts.
Carbon Management – Group Heating Conservation Project	783	150	633	Funded by Prudential Borrowing. Works progressing as anticipated. A Contractor's staffing issue resulted in a backlog of due payments for work done. Propose to slip to 2016/17 to reflect actual spend.
Kilmory Biomass Project	156	58	98	Project completed and final account agreed substantially below contract sum due to re-measurement and expenditure of contingencies being less than anticipated. Portion of surplus funding to be used to offset increased costs at Islay Biomass Project.
Campbeltown Office Rationalisation	380	1	379	Purchase of Kintyre House now likely to take place in 2016/17 FQ1. Propose to slip to 2016/17.
Helensburgh Office Rationalisation	2,095	1,623	472	Office moves complete. £349k of the £472k variance is attributable to the proceeds from the Templeton Library sale being drawn down. The £349k was not available for expenditure in 15/16. Final payments to be made in 2016/17 therefore propose to slip budget to cover this.
Bridge Strengthening	260	454	(194)	Works complete in 2015/16. Propose to accelerate £194k from future years.
Castle Lodge Building Works	130	18	112	Contract starting later than expected. Propose to slip to 2016/17.
Public Convenience Upgrades	64	0	64	Start on site now forecast for mid-May therefore propose to slip to 2016/17.
Fleet Management	415	686	(271)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing funded from savings in leasing costs.
A83 South of Muasdale	3	498	(495)	Sufficient snagging and remedial works completed in March 2016. Therefore propose to accelerate £495k to 2015/16
SPT	603	490	113	Funded by external grant income – timing issues between expenditure and grant.
CHORD – Rothesay	876	769	107	Tender for main works to go out in June. Propose to slip to 2016/17.
Other Variances			231	Total value of non-material variances less than +/-£50k
Total			3,230	

APPENDIX 2 - Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan (Over)/Under Variance £'000	Explanation
Bowmore Primary School	418	468	(50)	Additional works in previous years together with fees for asbestos and bat surveys have resulted in overspend which will be subject to a virement from underspends elsewhere.
Port Charlotte Primary School	342	280	62	Tender returns have come in well below budget; balance will be used for other projects within Education.
Small Isles Primary School	288	350	(62)	Additional work was required due to discovery of rot in roof structure. To be funded by underspends elsewhere within Education. Project Manager will consider where this negative budget can be funded from.
St Joseph's Primary School	560	505	55	Tender returns came in well below budget; balance will either be used for new extract plant in the kitchen or vired to other projects within Education.
Tiree High School	899	975	(76)	Result of overspend in previous years regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
Tobermory High School	841	925	(84)	Overspend as a result of the high costs of rewiring, replumbing and upgrades to toilets and common areas. Project Manager will consider where this negative budget can be funded from once final costs have been confirmed.
Capital Property Works	1,144	1,074	70	Project allocation still to be confirmed. Any underspends will be used to cover overspends within the service.
Legionella Control Works	190	128	62	Project spend dates to be confirmed. £20k to be vired to cover overspends elsewhere within Service.
Hermitage Primary Annexe Replacement	765	835	(70)	Extra work was required to retaining wall. Project Manager to identify surplus Education budgets which can fund this over spend.
St Joseph's Pre 5 Parenting Facilities	75	133	(58)	Overspends in previous years for family educational facilities. Project Manager will consider where this negative budget can be funded from within Education.
Tayvallich Primary School – Pre Five Unit	430	490	(60)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Rothsay Library	210	263	(53)	Additional works to alarm system and extensive repairs to roof/windows. Project Manager will consider where this can be funded from.
Children and Families – Health & Safety	140	63	77	Propose to vire the budget of £75k to other projects that are overspent.

Helensburgh Office Rationalisation	11,838	11,489	349	Proceeds from the sale of Templeton Library drawn down at the end of March 2015/16. This will be required for the final payments of the project in 2016/17 and incorporated into the forecasts at that stage.
Fleet Management	615	886	(271)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing funded from savings in leasing costs.
CHORD – Rothesay	9,079	9,223	(144)	Funding gap that is required to be underwritten by Argyll & Bute Council. Applications to Trusts/Charities may reduce this funding gap.
Other variances			553	Total value of non-material variances less than +/-£50k
Total			300	

APPENDIX 3 – Asset Sustainability Project Performance

There are 184 Projects recognised as Asset Sustainability Projects, 166 are Complete or On Target and 18 are Off Target and Recoverable.

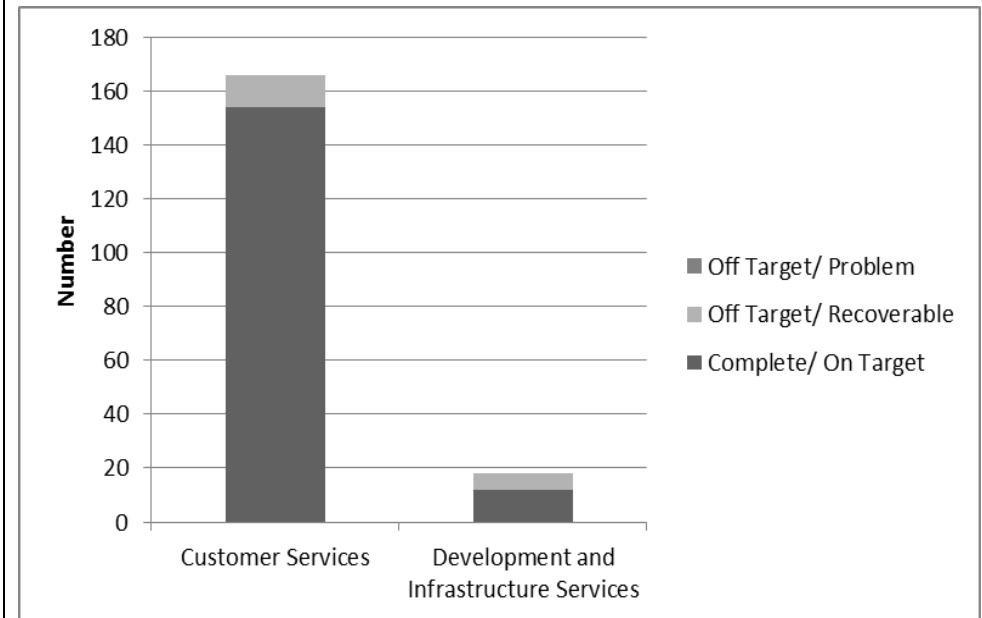
Department Position:

The table below shows the Performance Status of the Asset Sustainability Projects.

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	154	12	0	166
Development and Infrastructure Services	12	6	0	18
Total	166	18	0	184

Chart of Asset Sustainability Performance Status

The graph provides a view of the Performance Status of the Asset Sustainability Projects:



APPENDIX 4 – Service Development Project Performance

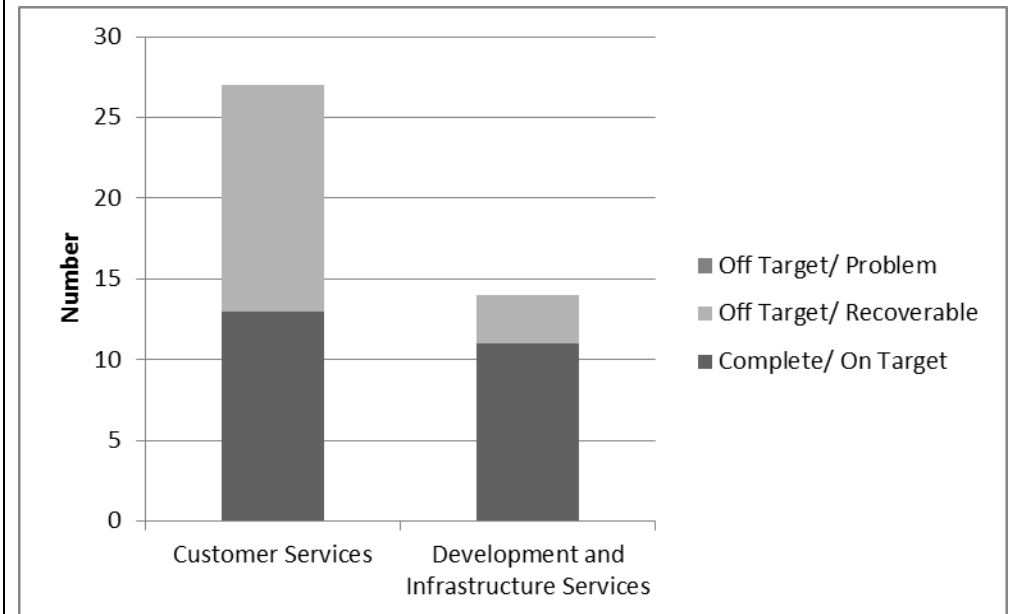
There are 41 Projects recognised as Service Development Projects, 24 are Complete or On Target and 17 are Off Target and Recoverable.

The table below shows the Performance Status of the Service Development Projects.

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	13	14	0	27
Development and Infrastructure Services	11	3	0	14
Total	24	17	0	41

Chart of Service Development Performance Status

The graph provides a view of the Performance Status of the Service Development Projects:



APPENDIX 5 – Strategic Change Project Performance

There are 34 Projects recognised as Strategic Change Projects. 18 are Complete or On Target and 16 are Off Target and Recoverable.

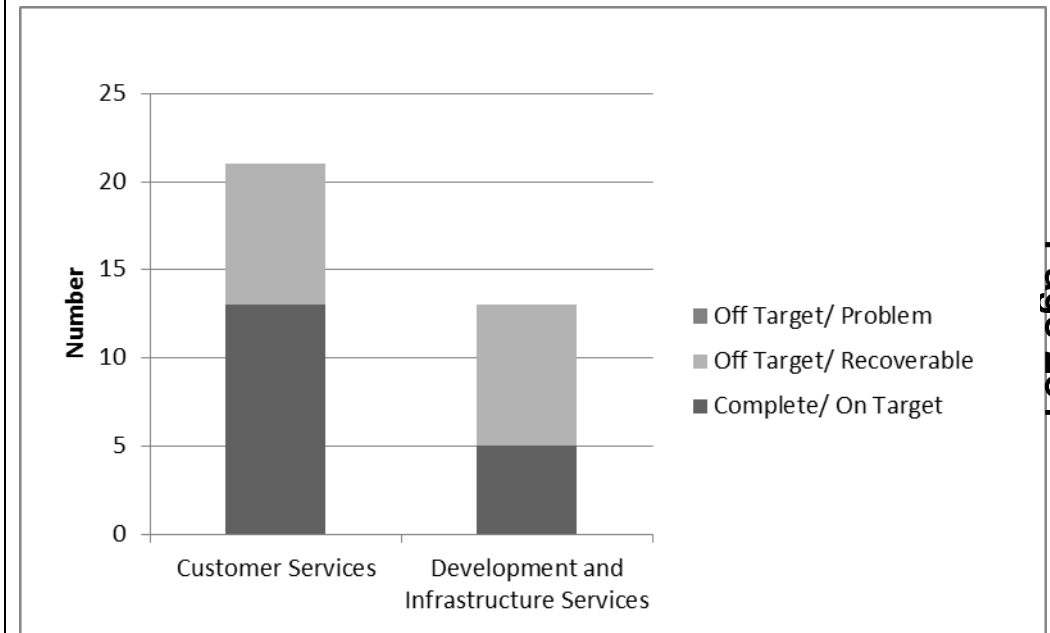
Department Position:

The table below shows the Performance Status of the Strategic Change Projects.

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	13	8	0	21
Development and Infrastructure Services	5	8	0	13
Total	18	16	0	34

Chart of Strategic Change Performance Status

The graph provides a view of the Performance Status of the Strategic Change Projects:



ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL						Appendix 6
FINANCIAL SUMMARY - NET EXPENDITURE						31 March 2016
	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Area Committee Expenditure - Asset Sustainability	44	0	44	69	25	44
Asset Sustainability Projects						
Customer Services	5,081	4,772	309	56,346	56,353	(7)
Development & Infrastructure Services	6,677	7,027	(350)	45,150	45,591	(441)
Asset Sustainability Total	11,758	11,799	(41)	101,496	101,944	(448)
Service Development Projects						
Customer Services	1,174	1,401	(227)	13,761	14,027	(266)
Development & Infrastructure Services	832	2,128	(1,296)	7,474	8,276	(802)
Service Development Total	2,006	3,529	(1,523)	21,235	22,303	(1,068)
Strategic Change Projects						
Campbeltown Schools Redevelopment	1,267	1,135	132	9,127	9,127	0
Dunoon Primary	518	65	453	3,921	3,921	0
Replacement of Oban High	1,852	1,681	171	13,159	13,159	0
Kim Primary School	1,577	336	1,241	6,500	6,500	0
Carbon Management - Education	0	0	0	25	25	0
Carbon Management - Non Education	50	0	50	100	50	50
Carbon Management Business Cases	67	43	24	261	261	0
NPDO Schools Solar PV Panel Installations	750	719	31	944	944	0
Non NPDO Schools Solar PV Panel Installations	109	12	97	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	145	0
Carbon Management Capital Property Works 2015/16	19	19	0	20	20	0
Carbon Management Capital Property Works 2016/17	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	783	150	633	2,016	2,016	0
Islay HS/Bowmore PS Carbon Management	17	51	(34)	726	726	0
Kilmory Biomass Carbon Management	156	58	98	1,033	1,033	0
Oil to Gas Heating Conversions	27	0	27	209	209	0
Campbeltown and Rothesay Rationalisation	8	13	(5)	35	35	0
Campbeltown Office Rationalisation	380	1	379	568	568	0
Helensburgh Office Rationalisation	1,746	1,623	123	11,489	11,489	0
Mid Argyll Offices Reorganisation	(24)	10	(34)	343	343	0
Tiree Shared Offices	10	0	10	10	0	10
Kintyre Renewables Hub	340	97	243	12,115	11,698	417
Helensburgh Depot Rationalisation	124	124	0	1,360	1,360	0
Pier Upgrades	0	0	0	300	300	0
CHORD - Helensburgh	152	141	11	7,230	7,140	90
CHORD - Campbeltown	856	818	38	4,786	4,505	281
CHORD - Dunoon	526	487	39	9,570	9,531	39
CHORD - Oban	971	1,223	(252)	6,560	6,560	0
CHORD - Rothesay	251	769	(518)	2,620	9,223	(6,603)
Helensburgh Waterfront Development	75	39	36	9,827	9,827	0
TIF - Lorn/Kirk Road	13	3	10	238	238	0
TIF - North Pier Extension	20	14	6	560	560	0
TIF - Oban Airport Business Park	353	351	2	590	588	2
OBC for Dunoon Pier	2,636	2,627	9	2,830	2,827	3
Strategic Change Total	15,667	12,609	3,058	109,724	115,435	(5,711)
Total Expenditure	29,475	27,937	1,538	232,524	239,707	(7,183)
INCOME						
Asset Sustainability						
Customer Services	5	(2)	7	(280)	(287)	7
Development & Infrastructure Services	(420)	(513)	93	(744)	(869)	125
Asset Sustainability Total	(415)	(515)	100	(1,024)	(1,156)	132
Service Development Projects						
Customer Services	(131)	(144)	13	(466)	(479)	13
Development & Infrastructure Services	(207)	(1,130)	923	(3,628)	(4,551)	923
Service Development Total	(338)	(1,274)	936	(4,094)	(5,030)	936
Strategic Change Projects						
Helensburgh Office Rationalisation	0	(349)	349	0	(349)	349
Kintyre Renewables Hub	(617)	(375)	(242)	(3,798)	(3,381)	(417)
CHORD - Helensburgh	(220)	(219)	(1)	(570)	(569)	(1)
CHORD - Campbeltown	(120)	(120)	0	(120)	(120)	0
CHORD - Rothesay	0	(625)	625	0	(6,459)	6,459
CHORD - Oban	0	(225)	225	0	(325)	325
OBC For Dunoon Pier	(350)	(50)	(300)	(350)	(50)	(300)
Strategic Change Total	(1,307)	(1,963)	656	(4,838)	(11,253)	6,415
Total Income	(2,060)	(3,752)	1,692	(9,956)	(17,439)	7,483
Net Total	27,415	24,185	3,230	222,568	222,268	300

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT						Appendix 6
FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES						31 March 2016
	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Asset Sustainability Projects						
Flood Prevention	181	200	(19)	533	533	0
Bridge Strengthening	260	454	(194)	1,930	1,930	0
Castle Lodge Building Works	130	18	112	130	130	0
Traffic Management	20	21	(1)	368	368	0
Roads Reconstruction	4,723	4,886	(163)	23,216	23,377	(161)
Lighting	190	157	33	1,703	1,703	0
Furnace Coastal Protection	20	22	(2)	100	134	(34)
Fleet	383	686	(303)	5,447	5,750	(303)
Environmental	309	197	112	811	811	0
Roads	0	0	0	0	0	0
Waste	42	42	0	428	428	0
Recreation and Sport	0	0	0	0	0	0
Crematoria and Burial Grounds	19	1	18	149	149	0
Pier	0	1	0	0	0	0
Block Allocation	0	0	0	9,935	9,935	0
EV Quick Chargers	400	343	57	400	343	57
Asset Sustainability Total	6,677	7,027	(350)	45,150	45,591	(441)
Service Development Projects						
A83 South of Muasdale	3	498	(495)	584	584	0
A849 Pennyghael Bridge Mull	0	0	0	131	131	0
Preliminary design for Regional Transport projects	0	0	0	221	221	0
Campbeltown Old Quay	2	1	1	1,424	1,424	0
Iona Pier	620	620	0	620	620	0
Helensburgh Cycleways	207	223	(16)	2,622	2,638	(16)
Vehicle Tracking System	0	0	0	219	219	0
Safe Streets, Walking and Cycling	0	81	(81)	270	351	(81)
SPIT	0	490	(490)	336	826	(490)
CWSS - South Islay Distilleries Path	0	83	(83)	356	439	(83)
CWSS - School Cycle Parking 2015-16	0	12	(12)	41	53	(12)
Fionnphort Village Hall Link	0	11	(11)	0	11	(11)
A815 Sandhaven to Inverack Footway	0	109	(109)	0	109	(109)
Kilmartin House	0	0	0	400	400	0
NVA	0	0	0	250	250	0
Service Development Total	832	2,128	(1,296)	7,474	8,276	(802)
Strategic Change Projects						
Kintyre Renewables Hub	340	97	243	12,115	11,698	417
Helensburgh Depot Rationalisation	124	124	0	1,360	1,360	0
Pier Upgrades	0	0	0	300	300	0
CHORD - Helensburgh	152	141	11	7,230	7,140	90
CHORD - Campbeltown	856	818	38	4,786	4,505	281
CHORD - Dunoon	526	487	39	9,570	9,531	39
CHORD - Oban	971	1,223	(252)	6,560	6,560	0
CHORD - Rothesay	251	769	(518)	2,620	9,223	(6,603)
Helensburgh Waterfront Development	75	39	36	9,827	9,827	0
TIF - Lorn/Kirk Road	13	3	10	238	238	0
TIF - North Pier Extension	20	14	6	560	560	0
TIF - Oban Airport Business Park	353	351	2	590	588	2
OBC For Dunoon Pier	2,636	2,627	9	2,830	2,827	3
Strategic Change Total	6,317	6,693	(376)	58,586	64,357	(5,771)
Net Departmental Expenditure	13,826	15,848	(2,022)	111,210	118,224	(7,014)
INCOME						
Asset Sustainability						
Roads Reconstruction	0	(116)	116	0	(116)	116
Furnace Coastal Protection	(20)	(22)	2	(100)	(134)	34
Fleet	0	(32)	32	(244)	(276)	32
EV Quick Chargers	(400)	(343)	(57)	(400)	(343)	(57)
Asset Sustainability Total	(420)	(513)	93	(744)	(869)	125
Service Development Projects						
Helensburgh Cycleways	(207)	(231)	24	(2,774)	(2,798)	24
Safe Streets, Walking and Cycling	0	(80)	80	0	(80)	80
SPIT	0	(603)	603	(456)	(1,059)	603
CWSS - South Islay Distilleries Path	0	(82)	82	(357)	(439)	82
CWSS - School Cycle Parking 2015-16	0	(12)	12	(41)	(53)	12
Fionnphort Village Hall Link	0	(13)	13	0	(13)	13
A815 Sandhaven to Inverack Footway	0	(109)	109	0	(109)	109
Service Development Total	(207)	(1,130)	923	(3,628)	(4,551)	923
Strategic Change Projects						
Kintyre Renewables Hub	(617)	(375)	(242)	(3,798)	(3,381)	(417)
CHORD - Helensburgh	(220)	(219)	(1)	(570)	(569)	(1)
CHORD - Campbeltown	(120)	(120)	0	(120)	(120)	0
CHORD - Rothesay	0	(625)	625	0	(6,459)	6,459
CHORD - Oban	0	(225)	225	0	(325)	325
OBC For Dunoon Pier	(350)	(50)	(300)	(350)	(50)	(300)
Strategic Change Total	(1,307)	(1,614)	307	(4,838)	(10,904)	6,066
Total Income	(1,934)	(3,257)	1,323	(9,210)	(16,324)	7,114
Net Departmental Total	11,892	12,591	(699)	102,000	101,900	100

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

Appendix 6
31 March 2016

	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Area Committees - Asset Sustainability	44	0	44	69	25	44
Asset Sustainability						
Education	2,041	2,294	(253)	36,572	36,816	(244)
Community and Culture	570	585	(15)	4,338	4,353	(15)
Adult Care	290	139	151	2,504	2,353	151
Children and Families	133	23	110	732	622	110
Facility Services	700	486	214	3,751	3,760	(9)
Customer and Support Services	1,347	1,245	102	8,449	8,449	0
Asset Sustainability Total	5,081	4,772	309	56,346	56,353	(7)
Service Development Projects						
Graham Williamson IT Centre	0	0	0	0	0	0
Property Management System	0	0	0	84	84	0
Education Domain Extension	0	0	0	443	443	0
Consolidated Server Replacement	56	56	0	1,067	1,067	0
IT Enablement Process for Change	270	275	(5)	1,022	1,022	0
Applications Projects	362	329	33	1,174	1,174	0
Council Chamber Video Conferencing	0	0	0	116	116	0
Lync 2013	2	2	0	129	129	0
Ardishaig Primary School - Pre 5 Unit	154	154	0	411	422	(11)
Hermitage Primary Annexe Replacement	(68)	2	(70)	765	835	(70)
Lochnell Primary School - Pre Five Unit	(41)	3	(44)	210	254	(44)
Park Primary Extension/Pre Fives Unit	14	0	14	355	341	14
Salen Primary School - Gaelic Pre School	131	144	(13)	150	163	(13)
St Joseph's Pre Five Parenting Facilities	(58)	0	(58)	75	133	(58)
Strachur Primary School - Pre Five Unit	11	12	(1)	315	316	(1)
Taynuilt Primary Additional Classroom	(11)	0	(11)	131	142	(11)
Tayvallich Primary School - Pre 5 Unit	(8)	52	(60)	430	490	(60)
Early Learning and Childcare	267	261	6	2,685	2,679	6
Video Conferencing Upgrade	5	0	5	60	55	5
Mull & Iona Progressive Care Centre	7	7	0	772	765	7
Carbon Management	0	0	0	20	20	0
Archives - Wee Manse Brae	0	0	0	128	128	0
Campbelltown All Weather Pitch	(47)	0	(47)	917	964	(47)
Dunoon Boxing Club	0	0	0	100	100	0
Riverside Leisure Centre Refurbishment	50	44	6	650	644	6
Carbon Management	0	0	0	20	20	0
Dunclutha Childrens Home	80	67	13	979	966	13
Dunoon Family Mediation Centre	(4)	0	(4)	55	59	(4)
Residential Respite Care Facility	2	0	2	498	496	2
Service Development Total	1,174	1,401	(227)	13,761	14,027	(266)
Strategic Change Projects						
Campbelltown Schools Redevelopment	1,267	1,135	132	9,127	9,127	0
Dunoon Primary	518	65	453	3,921	3,921	0
Replacement of Oban High	1,852	1,681	171	13,159	13,159	0
Kirn Primary School	1,577	336	1,241	6,500	6,500	0
Carbon Management - Education	0	0	0	25	25	0
Carbon Management - Non Education	50	0	50	100	50	50
Carbon Management Business Cases	67	43	24	261	261	0
NPDO Schools Solar PV Panel Installations	750	719	31	944	944	0
Non NPDO Schools Solar PV Panel Installations	109	12	97	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	145	0
Carbon Management Capital Property Works 2015/16	19	19	0	20	20	0
Carbon Management Capital Property Works 2016/17	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	783	150	633	2,016	2,016	0
Islay HS/Bowmore PS Carbon Management	17	51	(34)	726	726	0
Kilmory Biomass Carbon Management	156	58	98	1,033	1,033	0
Oil to Gas Heating Conversions	27	0	27	209	209	0
Campbelltown and Rothesay Rationalisation	8	13	(5)	35	35	0
Campbelltown Office Rationalisation	380	1	379	568	568	0
Helensburgh Office Rationalisation	1,746	1,623	123	11,489	11,489	0
Mid Argyll Offices Reorganisation	(24)	10	(34)	343	343	0
Tiree Shared Offices	10	0	10	10	0	10
Strategic Change Total	9,350	5,916	3,434	51,138	51,078	60
Total Expenditure	15,649	12,089	3,560	121,314	121,483	(169)
INCOME						
Asset Sustainability						
Education	2	(2)	4	(90)	(94)	4
Community and Culture	3	0	3	(190)	(193)	3
Asset Sustainability Total	5	(2)	7	(280)	(287)	7
Service Development Projects						
Salen Primary School - Gaelic Pre School	(131)	(144)	13	(150)	(163)	13
Campbelltown All Weather Pitch	0	0	0	(316)	(316)	0
Service Development Total	(131)	(144)	13	(466)	(479)	13
Strategic Change						
Helensburgh Office Rationalisation	0	(349)	349	0	(349)	349
Strategic Change Total	0	(349)	349	0	(349)	349
Total Income	(126)	(495)	369	(746)	(1,115)	369
Net Departmental Total	15,523	11,594	3,929	120,568	120,368	200

Department	Head of Service	Previous Years £000's	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Total £000's
Community Services	Adult Care	2,569	297	205	225	0	0	3,296
	Children and Families	978	211	1,020	75	0	0	2,284
	Community and Culture	3,391	623	1,454	765	0	0	6,233
	Education	26,915	7,651	14,767	19,579	2,199	3,780	74,891
Community Services Total		33,853	8,782	17,446	20,644	2,199	3,780	86,704
Customer Services	Customer and Support Services	7,288	2,037	804	840	560	955	12,484
	Facility Services	13,352	4,786	2,610	479	305	525	22,057
Customer Services Total		20,640	6,823	3,414	1,319	865	1,480	34,541
Development and Infrastructure	Economic Development	11,648	5,853	12,215	8,354	7,854	540	46,464
	Roads and Amenity Services	39,484	7,973	6,760	2,225	3,054	5,250	64,746
Development and Infrastructure Total		51,132	13,826	18,975	10,579	10,908	5,790	111,210
Area Committee	Area Committee	25	44	0	0	0	0	69
Area Committee Total		25	44	0	0	0	0	69
Grand Total		105,650	29,475	39,835	32,542	13,972	11,050	232,524

Head of Service	Category	Project	Previous	2015-16	2016-17	2017-18	2018-19	2019-20	Total		
			Years £000's	£000's	£000's	£000's	£000's	£000's	£000's		
Adult Care	Asset Sustainability	Aids and Adaptations	50	25	25	0	0	0	100		
		Ardfenaig	0	0	0	20	0	0	20		
		Asbestos Removal/Control Works	0	20	10	0	0	0	30		
		Eadar Glinn	183	63	0	0	0	0	246		
		Ellis Lodge	57	7	0	0	0	0	64		
		Health and Safety	957	28	80	60	0	0	1,125		
		Legionella Control Works	0	40	20	0	0	0	60		
		Lochgilphead Resource Centre	52	27	0	145	0	0	224		
		Lorn Resource Centre	63	22	0	0	0	0	85		
		Park House Women's Refuge	126	-4	0	0	0	0	122		
		Social Work Office Rothesay	73	2	0	0	0	0	75		
		Struan Lodge Boiler	13	27	0	0	0	0	40		
		Thomson Home Rothesay	123	4	50	0	0	0	177		
		Upgrading Older Peoples Homes	0	25	0	0	0	0	25		
		Woodlands/Greenwood	107	4	0	0	0	0	111		
		Asset Sustainability Total			1,804	290	185	225	0	0	2,504
		Adult Care	Service Development	Carbon Management	0	0	20	0	0	0	20
Mull & Iona Progressive Care Centre	765			7	0	0	0	0	772		
Service Development Total			765	7	20	0	0	0	792		
Adult Care Total			2,569	297	205	225	0	0	3,296		
Overall Total			2,569	297	205	225	0	0	3,296		

Head of Service	Category	Project	Previous	2015-16	2016-17	2017-18	2018-19	2019-20	Total
			Years £000's	£000's	£000's	£000's	£000's	£000's	£000's
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	0	20	10	0	0	0	30
		Capital Property Works	0	0	25	0	0	0	25
		Dunclutha Children's Home	32	-7	0	0	0	0	25
		Dunoon Hostel	245	-30	0	0	0	0	215
		East King St Children's Home	0	2	0	0	0	0	2
		Glencruitten Hostel	106	14	0	75	0	0	195
		Health and Safety	23	77	40	0	0	0	140
		Legionella Control Works	0	40	20	0	0	0	60
		Shellach View	9	17	14	0	0	0	40
	Asset Sustainability Total	415	133	109	75	0	0	732	
	Service Development	Carbon Management	0	0	20	0	0	0	20
		Dunclutha Children's Home	8	80	891	0	0	0	979
		Dunoon Family Mediation Centre	59	-4	0	0	0	0	55
		Residential Respite Care Facility	496	2	0	0	0	0	498
	Service Development Total	563	78	911	0	0	0	1,552	
Children and Families Total		978	211	1,020	75	0	0	2,284	
Overall Total		978	211	1,020	75	0	0	2,284	

Head of Service	Category	Project	Previous Years £000's	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Total £000s		
Community and Culture	Asset Sustainability	Aqualibrium	7	28	275	145	0	0	455		
		Asbestos Removal/Control Works	0	43	20	0	0	0	63		
		Bute Community Education Centre	6	4	0	150	0	0	160		
		Campbeltown Museum - Burnet Bldg	79	2	0	25	0	0	106		
		Capital Property Works	0	50	50	0	0	0	100		
		Catering & Cleaning Equipment - Community & Culture (CFCR)	0	11	0	0	0	0	11		
		Community Centres General - Options Appraisal	0	15	0	0	0	0	15		
		Corran Halls, Oban	297	128	0	0	0	0	425		
		Dunoon Community Education Centre	157	20	0	0	0	0	177		
		Gaelic Centre - Corran Halls (FG)	173	-3	0	0	0	0	170		
		Gym Equipment - Community & Culture (CFCR)	0	16	0	0	0	0	16		
		Halls Furniture & Equipment - Community & Culture (CFCR)	0	9	0	0	0	0	9		
		Health & Safety	83	172	45	0	0	0	300		
		Helensburgh Library	19	-2	0	0	0	0	17		
		Inveraray CARS	0	0	21	0	0	0	21		
		Kintyre Community Ed Centre	118	-4	0	0	0	0	114		
		Legionella Control Works	2	38	20	0	0	0	60		
		Lochgilphead Community Ed Centre	6	46	0	200	0	0	252		
		Oban Library (Leased Property)	0	-2	20	40	0	0	58		
		Pools Furniture & Equipment - Community& Culture (CFCR)	0	7	0	0	0	0	0		
		Ramsay Memorial Hall	143	-38	80	0	0	0	185		
		Replacement of Gym Equipment	0	0	100	0	0	0	100		
		Rhu Community Ed Centre	117	12	10	0	0	0	139		
		Rothsay Library	263	-53	0	0	0	0	210		
		Rothsay Swimming Pool	108	15	0	0	0	0	123		
		Sandbank Library HQ	12	13	0	0	0	0	25		
		Tarbert Library	54	-1	0	0	0	0	53		
		Victoria Halls, Campbeltown	518	47	0	120	0	0	685		
		Victoria Halls, Helensburgh	200	-3	0	85	0	0	282		
			Asset Sustainability Total		2,362	570	641	765	0	0	4,338
			Service Development								
			Archives - Wee Manse Brae		41	0	87	0	0	0	128
			Campbeltown All Weather Pitch		964	-47	0	0	0	0	917
	Dunoon Boxing Club		0	0	100	0	0	0	100		
	Riverside Leisure Centre Refurbishment		24	50	576	0	0	0	650		
	Service Development Total		1,029	3	763	0	0	0	1,795		
	Strategic Change										
	Carbon Management		0	50	50	0	0	0	100		
	Strategic Change Total		0	50	50	0	0	0	100		
Community and Culture Total			3,391	623	1,454	765	0	0	6,233		
Overall Total			3,391	623	1,454	765	0	0	6,233		

Head of Service	Category	Project	Previous	2015-16	2016-17	2017-18	2018-19	2019-20	Total
			Years £000's	£000's	£000's	£000's	£000's	£000's	£000's
Education	Asset Sustainability	Achaleven Primary School	2	0	98	10	0	0	110
		Ardchattan Primary School	0	8	2	10	0	0	20
		Ardrishaig Primary School	205	-1	0	75	0	0	279
		Arinagour Primary School	83	0	0	48	0	0	131
		Asbestos Control/Removal Works	40	45	50	0	0	0	135
		Ashfield Primary School	87	-8	0	0	0	0	79
		Barcaldine Primary School	80	-11	0	0	0	0	69
		Block Allocation	0	0	0	1,174	2,199	3,780	7,153
		Bowmore Primary School	415	-47	0	50	0	0	418
		Bunessan Primary School	252	3	100	0	0	0	355
		Campbeltown Grammar	3,642	27	10	0	0	0	3,679
		Capital Property Works	692	202	250	0	0	0	1,144
		Cardross Primary School	513	64	210	0	0	0	787
		Carradale Primary School	26	5	0	150	0	0	181
		Castlehill Primary School	157	100	199	50	0	0	506
		Clachan Primary	5	172	45	0	0	0	222
		Colgrain Primary School	736	64	3	100	0	0	903
		Craignish Primary School	0	0	30	0	0	0	30
		Dalintober Primary School	267	0	30	0	0	0	297
		Dalmally Primary School	68	0	15	10	0	0	93
		Dervaig Primary School	0	5	80	0	0	0	85
		Drumlemble Primary School	223	-9	0	150	0	0	364
		Dunbeg Primary School	430	4	0	50	0	0	484
		Dunoon Primary School	96	14	10	0	0	0	120
		Ferry Houses - Housing Quality Standard	0	30	46	0	0	0	76
		Free School Meals	159	325	66	0	0	0	550
		Furnace Primary School	104	-37	30	0	0	0	97
		Garelochhead Primary School	312	5	0	45	0	0	362
		Glassary Primary School	80	52	3	0	0	0	135
		Glenbarr Primary School	73	-8	30	135	0	0	230
		Hermitage Primary School	145	2	79	0	0	0	226
		Homeless Houses - Housing Quality Standard	3	20	27	0	0	0	50
		Innellan Primary School	81	22	1	0	0	0	104
		Inveraray Primary School	467	-25	0	0	0	0	442
		Iona Primary School	0	0	90	0	0	0	90
		Islay High School	4,024	58	0	175	0	0	4,257
		John Logie Baird Primary School	365	-43	320	100	0	0	742
		Keills Primary School	311	-11	0	0	0	0	300
		Kilchattan Primary School	170	0	38	25	0	0	233
		Kilchrenan Primary School	13	12	0	10	0	0	35
		Kilcreggan Primary School	341	145	5	75	0	0	566
		Kilmartin Primary School	16	4	0	0	0	0	20
		Kilmodan Primary School	103	92	0	0	0	0	195
Kilninver Primary School	99	-6	0	0	0	0	93		
Kirn Primary School	53	3	30	0	0	0	86		
Legionella Control Works	20	120	50	0	0	0	190		
Lismore Primary School	48	13	0	20	0	0	81		
Lochdonhead Primary School	165	-30	0	0	0	0	135		
Lochgoilhead Primary School	62	-20	45	70	0	0	157		
Luing Primary School	74	16	0	0	0	0	90		
Luss Primary School	76	-11	0	0	0	0	65		
Minard Primary	50	1	0	0	0	0	51		
North Bute Primary School	318	48	0	0	0	0	366		
Oban High Gaelic Media Studio (FG)	93	-2	0	0	0	0	91		
Oban High School	642	-16	10	0	0	0	636		
Park Primary School	474	26	24	0	0	0	524		

Head of Service	Category	Project	Previous	2015-16	2016-17	2017-18	2018-19	2019-20	Total	
			Years £000's	£000's	£000's	£000's	£000's	£000's	£000s	
Education	Asset Sustainability	Parklands School	132	36	0	0	0	0	168	
		Port Charlotte Primary School	190	147	5	0	0	0	342	
		Port Ellen Primary School	477	-10	0	0	0	0	467	
		Property Works - Contingency	0	0	0	0	0	0	0	
		Rhu Primary School	33	-3	0	0	0	0	30	
		Rhunahaorine Primary	74	13	60	30	0	0	177	
		Rosneath Primary School	283	352	15	0	0	0	650	
		Sandbank Primary School	508	-14	0	0	0	0	494	
		School Houses - Housing Quality Standard	119	150	177	0	0	0	446	
		Skipness Primary School	10	5	0	0	0	0	15	
		Small Isles Primary School	344	-56	0	0	0	0	288	
		Southend Primary School	0	0	30	0	0	0	30	
		St Andrew's Primary School	280	44	2	25	0	0	351	
		St Joseph's Primary School	440	110	10	0	0	0	560	
		St Mun's Primary School	80	0	46	140	0	0	266	
		Strachur Primary School	154	-1	0	0	0	0	153	
		Strath of Appin Primary School	377	-37	0	0	0	0	340	
		Strome Primary School	325	4	25	0	0	0	354	
		Tarbert High School	0	0	20	35	0	0	55	
		Taynuilt Primary School	120	4	0	0	0	0	124	
		Tayvallich Primary School	108	-5	0	0	0	0	103	
		Tighnabraich Primary School	117	-7	0	0	11	0	110	
		Tiree High School	965	-66	0	0	0	0	899	
	Tiree Primary School	225	-5	0	0	0	0	220		
	Tobermory High School	767	-46	120	0	0	0	841		
	Toward Primary School	76	4	0	0	0	0	80		
	Ulva Primary School	0	0	90	0	0	0	90		
		Asset Sustainability Total		23,164	2,041	2,626	2,762	2,199	3,780	36,572
		Service Development	Ardrishaig Primary School - Pre Five Unit	257	154	0	0	0	0	411
			Early Learning and Childcare	370	267	2,048	0	0	0	2,685
			Hermitage Primary Annexe Replacement	833	-68	0	0	0	0	765
			Lochnell Primary School - Pre Five Unit	251	-41	0	0	0	0	210
			Park Primary Extension and Pre Fives Unit	341	14	0	0	0	0	355
	Salen Primary School - Gaelic Pre School Extension (FG)		19	131	0	0	0	0	150	
	St Joseph's Pre 5 Parenting Facilities		133	-58	0	0	0	0	75	
	Strachur Primary School - Pre Five Unit		304	11	0	0	0	0	315	
	Taynuilt PS Addnl Classroom		142	-11	0	0	0	0	131	
	Tayvallich Primary School - Pre Five Unit		438	-8	0	0	0	0	430	
	Video Conferencing Upgrade	55	5	0	0	0	0	60		
	Service Development Total		3,143	396	2,048	0	0	0	5,587	
	Strategic Change	Campbeltown Schools Redevelopment	209	1,267	1,980	5,671	0	0	9,127	
		Carbon Management	0	0	25	0	0	0	25	
		Dunoon Primary School	265	518	1,613	1,525	0	0	3,921	
		Kirm Primary School	0	1,577	3,540	1,383	0	0	6,500	
	Replacement of Oban High School	134	1,852	2,935	8,238	0	0	13,159		
	Strategic Change Total		608	5,214	10,093	16,817	0	0	32,732	
Education Total			26,915	7,651	14,767	19,579	2,199	3,780	74,891	
Overall Total			26,915	7,651	14,767	19,579	2,199	3,780	74,891	

Head of Service	Category	Project	Previous	2015-16	2016-17	2017-18	2018-19	2019-20	Total	
			Years £000's	£000's	£000's	£000's	£000's	£000's	£000's	
Customer and Support Services	Asset Sustainability	Block Allocation	0	21	0	273	550	945	1,789	
		Computer Network Security	545	98	18	0	0	0	661	
		Corporate GIS Portal Rollout	116	0	20	10	10	10	166	
		Internet / Online Access	233	35	0	0	0	0	268	
		IT Education	72	208	0	0	0	0	280	
		MS Exchange & Doc Sharing	228	69	48	54	0	0	399	
		PC Replacement	1,812	585	300	403	0	0	3,100	
		Server Capacity Growth	1	143	118	0	0	0	262	
		Telecomms Network	675	97	0	0	0	0	772	
		Unified Communications and Video Conferencing	644	91	17	0	0	0	752	
	Asset Sustainability Total			4,326	1,347	521	740	560	955	8,449
	Service Development		Applications Projects	469	362	243	100	0	0	1,174
			Consolidated Server Replacement (CRM)	1,009	56	2	0	0	0	1,067
			Council Chamber Video Conferencing	116	0	0	0	0	0	116
			Education Domain Extension	443	0	0	0	0	0	443
			IT Enablement Process for Change	721	270	31	0	0	0	1,022
			LYNC 2013	126	2	1	0	0	0	129
			Property Management System	78	0	6	0	0	0	84
	Service Development Total			2,962	690	283	100	0	0	4,035
Customer and Support Services Total			7,288	2,037	804	840	560	955	12,484	
Overall Total			7,288	2,037	804	840	560	955	12,484	

Head of Service	Category	Project	Previous Years £000's	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Total £000s		
Facility Services	Asset Sustainability	Aqualibrium	23	5	0	0	0	0	28		
		Argyll House, Dunoon	13	0	120	123	0	0	256		
		Asbestos Capital Property Works 15/16	45	24	1	0	0	0	70		
		Asbestos Capital Property Works 16/17	0	0	19	0	0	0	19		
		Block Allocation	0	0	0	163	305	525	993		
		Bowmore Area Office	16	16	1	0	0	0	33		
		Burnett Building	0	72	4	0	0	0	76		
		Capital Property Works 15/16	0	93	2	0	0	0	95		
		Castle House, Dunoon	27	3	25	1	0	0	56		
		Dunoon Office Rationalisation	1	3	219	7	0	0	230		
		Eaglesham House, Rothesay	43	26	2	0	0	0	71		
		Fire Risk Assessment Works 15/16	0	42	2	0	0	0	44		
		Fire Risk Assessment Works 16/17	0	0	24	0	0	0	24		
		High Street, Rothesay	0	8	1	0	0	0	9		
		Hill Street Dunoon Rewire	2	0	32	1	0	0	35		
		Jura Service Point	0	13	2	0	0	0	15		
		Kilarrow House	7	99	3	0	0	0	109		
		Kilmory Castle	135	62	142	34	0	0	373		
		Kilmory Castle 2012-13	142	1	0	0	0	0	143		
		Legionella Capital Works 15/16	0	19	1	0	0	0	20		
		Legionella Capital Works 16/17	0	0	19	0	0	0	19		
		Lorn House, Oban	3	97	3	0	0	0	103		
		Manse Brae District Office	0	0	0	65	0	0	65		
		Manse Brae Roads Office	0	11	73	3	0	0	87		
		Oban Municipal Buildings	229	15	0	0	0	0	244		
		Oban Office Rationalisation	0	3	0	0	0	0	3		
		Old Quay Head Offices, Campbeltown	0	26	1	0	0	0	27		
		Tobermory Area Office	32	29	30	47	0	0	138		
		Union Street, Rothesay	74	4	0	0	0	0	78		
		Whitegates	202	0	0	0	0	0	202		
		Whitegates Office, Lochgilphead	0	6	54	2	0	0	62		
		Willowview Oban	0	23	1	0	0	0	24		
		Asset Sustainability Total			994	700	781	446	305	525	3,751
		Strategic Change									
		Campbeltown & Rothesay Rationalisation			27	8	0	0	0	0	35
		Campbeltown Office Rationalisation			0	380	188	0	0	0	568
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)			0	783	1,200	33	0	0	2,016
		Carbon Management Business Cases (FPB)			144	67	50	0	0	0	261
		Carbon Management Capital Property Works 15/16			0	19	1	0	0	0	20
		Carbon Management Capital Property Works 16/17			0	0	19	0	0	0	19
		Carbon Management Fuel Conversions (FPB)			107	38	0	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)			9,563	1,746	180	0	0	0	11,489
		Islay HS/Bowmore PS (FPB)			709	17	0	0	0	0	726
Kilmory Biomass Project OBC (FPB,REV)			877	156	0	0	0	0	1,033		
Mid Argyll Offices Reorganisation			367	-24	0	0	0	0	343		
Non-NPDO Schools PV Panel Installations			379	109	0	0	0	0	488		
NPDO Schools Solar PV Panel Installations			3	750	191	0	0	0	944		
Oil to Gas Heating Conversions (FPB)			182	27	0	0	0	0	209		
Tiree Shared Offices			0	10	0	0	0	0	10		
Strategic Change Total			12,358	4,086	1,829	33	0	0	18,306		
Facility Services Total			13,352	4,786	2,610	479	305	525	22,057		
Overall Total			13,352	4,786	2,610	479	305	525	22,057		

Head of Service	Category	Project	Previous Years £000's	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Total £000s
Economic Development	Service Development	A815 Footway - Sandhaven to Inverack	0	0	0	0	0	0	0
		CWSS - School Cycle Parking 2015-16	41	0	0	0	0	0	41
		CWSS - South Islay Distilleries Path	356	0	0	0	0	0	356
		Fionnphort Village Hall Link	0	0	0	0	0	0	0
		Kilmartin House	0	0	0	0	400	0	400
		NVA	0	0	250	0	0	0	250
		Safe Streets, Walking and Cycling (CWSS)	270	0	0	0	0	0	270
		SPT	336	0	0	0	0	0	336
		Service Development Total	1,003	0	250	0	400	0	1,653
		Strategic Change	01 TIF - Lorn/Kirk Road	75	13	150	0	0	0
	05 TIF - North Pier Extension		0	20	540	0	0	0	560
	09 TIF - Oban Airport Business Park		62	353	175	0	0	0	590
	CHORD - Campbeltown		2,601	856	867	462	0	0	4,786
	CHORD - Dunoon		546	526	5,179	3,072	247	0	9,570
	CHORD - Helensburgh -Public Realm Imprv		6,206	152	872	0	0	0	7,230
	CHORD - Oban		792	971	2,400	1,400	997	0	6,560
	CHORD - Rothesay		29	251	1,000	1,220	120	0	2,620
	Helensburgh Waterfront Development		172	75	750	2,200	6,090	540	9,827
	OBC for Dunoon Pier		162	2,636	32	0	0	0	2,830
	Strategic Change Total	10,645	5,853	11,965	8,354	7,454	540	44,811	
Economic Development Total		11,648	5,853	12,215	8,354	7,854	540	46,464	
Overall Total		11,648	5,853	12,215	8,354	7,854	540	46,464	

Head of Service	Category	Project	Previous Years £000's	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Total £000s	
Roads and Amenity Services	Asset Sustainability	Block Allocation	0	0	0	1,631	3,054	5,250	9,935	
		Bridge Strengthening	867	260	540	263	0	0	1,930	
		Bute Local Capital Priorities	98	1	0	0	0	0	99	
		Castle Lodge Building Works	0	130	0	0	0	0	130	
		Cemetery Houses	32	18	0	0	0	0	50	
		Environmental Projects	0	245	500	0	0	0	745	
		EV Quick Chargers	0	400	0	0	0	0	400	
		Fleet Management	4,864	383	200	0	0	0	5,447	
		Flood Prevention	121	181	110	121	0	0	533	
		Furnace Coastal Protection	0	20	80	0	0	0	100	
		Green Machine - CFCR	0	13	0	0	0	0	13	
		Helensburgh Skatepark	0	0	0	0	0	0	0	
		Lighting	1,111	190	402	0	0	0	1,703	
		Public Convenience Upgrades	0	64	2	0	0	0	66	
		Roads Reconstruction	15,327	4,723	3,166	0	0	0	23,216	
	Scrubber Walk-Behind - CFCR	0	14	0	0	0	0	14		
	Traffic Management	172	20	176	0	0	0	368		
	Waste Management Sites	93	5	0	0	0	0	98		
	Zero Waste Fund	293	10	0	0	0	0	303		
		Asset Sustainability Total		22,978	6,677	5,176	2,015	3,054	5,250	45,155
		Service Development	A83 South of Muasdale	73	3	508	0	0	0	584
			A849 Pennyghael Bridge Mull	126	0	5	0	0	0	131
			Campbeltown Old Quay	1,374	2	48	0	0	0	1,424
			Cycleways - H&L (FSPT)	2,015	207	200	200	0	0	2,622
			Iona Pier (CFCR)	0	620	0	0	0	0	620
			Preliminary design for Regional Transport projects (tif)	192	0	29	0	0	0	221
			Vehicle Tracking System (FPB)	219	0	0	0	0	0	219
	Service Development Total		3,999	832	790	200	0	0	5,821	
	Strategic Change	Helensburgh Depot Rationalisation (F)	1,236	124	0	0	0	0	1,360	
		Kintyre Renewables Hub (FGPB)	11,271	340	504	0	0	0	12,115	
		Pier Upgrades	0	0	290	10	0	0	300	
	Strategic Change Total		12,507	464	794	10	0	0	13,775	
Roads and Amenity Services Total			39,484	7,973	6,760	2,225	3,054	5,250	64,746	
Overall Total			39,484	7,973	6,760	2,225	3,054	5,250	64,746	

ARGYLL AND BUTE
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STRATEGIC FINANCE

30 JUNE 2016

ANNUAL TREASURY REPORT 2015-16

1. EXECUTIVE SUMMARY

- 1.1 This report outlines the Council's Treasury Management position for 2015-16.
- 1.2 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual review of treasury management activities and the actual prudential and treasury indicators and submit this to Council. The report at Appendix 1 meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.3 The key points to note from the annual report are:
- Savings in interest of £1.1m have been achieved through postponing borrowing.
 - Reporting requirements under the Code were met during 2015-16.
 - Borrowing reduced from £173m to £158m during the year with an average rate of 5.5%. The Council was able to access a project loan of £9.5m from the Public Works Loans Board (PWLB) at 2.96%. Repayments were made of £10.6m of long term loans and £13.9m of temporary borrowing.
 - The Capital Financing Requirement (excluding NPDO commitments) was £178m leading to under borrowing of £20m (up from £6m).
 - Investments at 31 March 2016 were £46m at an average rate of 0.782% compared to £56m at an average rate of 0.644% for 31 March 2014.
 - The average investment rate for 2015-16 was 0.685% compared to the average 7 day rate of 0.363% generating an additional return of £0.2m
- 1.4 This report meets the Code requirement for a treasury annual report. The Council remains under borrowed (around 11% of the CFR is not supported by borrowing) but current borrowing and investment rates mean additional costs would be incurred to address this. The Council was able to access a Project Rate Loan from the PWLB at a rate of 2.96% and whilst investment rates are low we exceeded our benchmark.

2. RECOMMENDATIONS

- 2.1 The Treasury Management Annual Report is approved.

3. IMPLICATIONS

- 3.1 Policy – None
- 3.2 Legal – None
- 3.3 Human Resources – None
- 3.4 Financial – None
- 3.5 Equal Opportunities – None
- 3.6 Risk – None
- 3.7 Customer Service – None

Dick Walsh, Council Leader and Policy Lead for Strategic Finance

**Kirsty Flanagan
Head of Strategic Finance**

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

Appendix 1 – Annual Treasury Report 2015-16



**ANNUAL TREASURY
REPORT**

2015-2016

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council or the Policy and Resources Committee should receive the following reports:

- an annual treasury strategy in advance of the year (Council 12 February 2015)
- a mid-year (minimum) treasury update report (Policy and Resources Committee 17 December 2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, the Policy and Resources Committee has received treasury management update reports on 20 August 2015, 29 October 2015, 11 February 2016 and 17 March 2016.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Performance Review and Scrutiny Committee.

2. The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing

with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The European Central Bank (ECB) commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

3. Overall Treasury Position as at 31 March 2016

At the beginning and the end of 2015/16 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	31 March 2015 Principal	Rate/ Return	Average Life yrs	31 March 2016 Principal	Rate/ Return	Average Life yrs
Total debt	£173m	5.4%	29.18	£158m	5.5%	30.97
CFR	£180m			£178m		
Over / (under) borrowing	(£6m)			(£20m)		
Total investments	£56m	0.6%		£46m	0.8%	
Net debt	£117m			£112m		

4. The Strategy for 2015/16

The expectation for interest rates within the treasury management strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back.

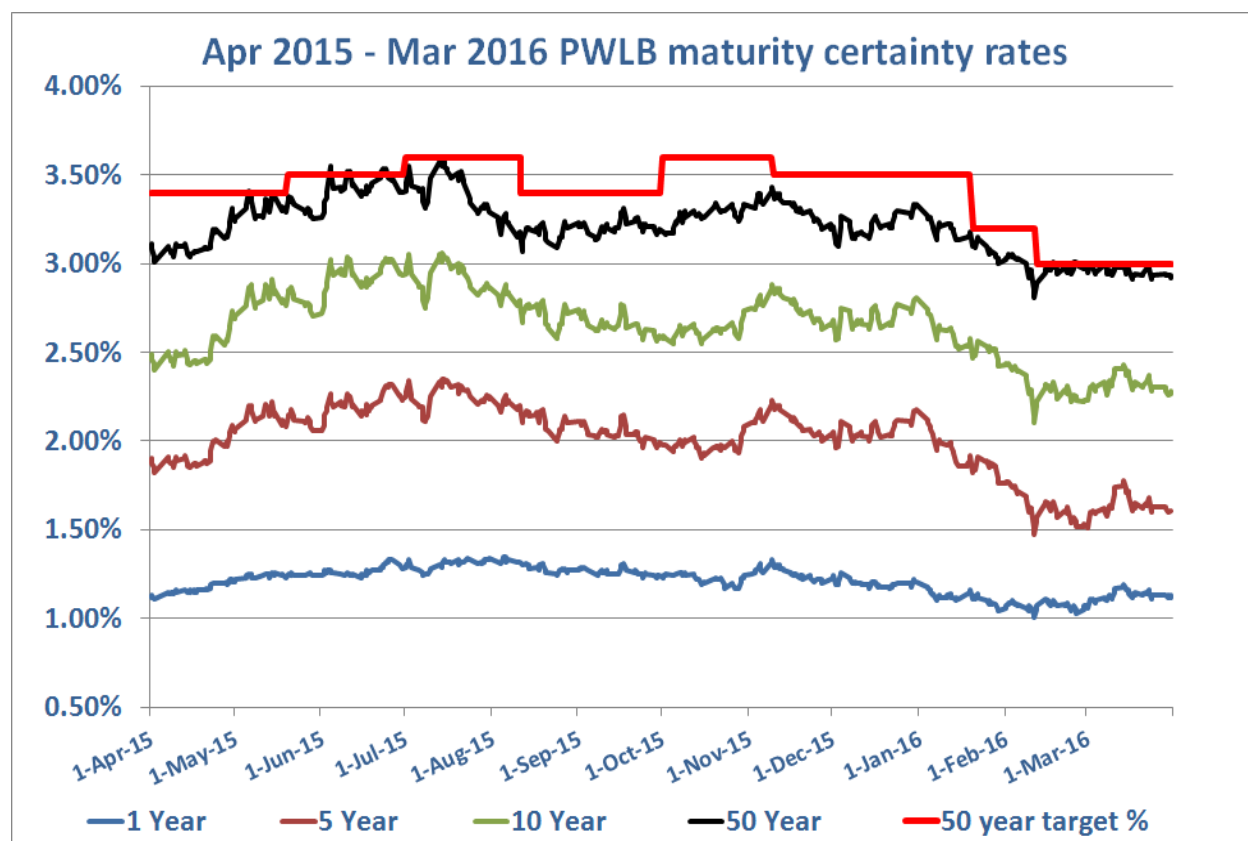
5. The Borrowing Requirement

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
CFR (£m)	258	273	254
Less NPDO	78	78	76
Net CFR	180	195	178

6. Borrowing Rates in 2015/16

Public Works Loans Board (PWLB) certainty maturity borrowing rates - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



7. Borrowing Outturn for 2015/16

Borrowing – the following loans were taken during the year: -

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£9.5m	Fixed interest rate	2.96%	50 years
East Renfrewshire Council	£2.0m	Fixed interest rate	0.50%	2 Months
West Mercia Police Authority	£5.0m	Fixed interest rate	0.45%	7 Weeks

Rescheduling

No rescheduling was carried out during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Repayments

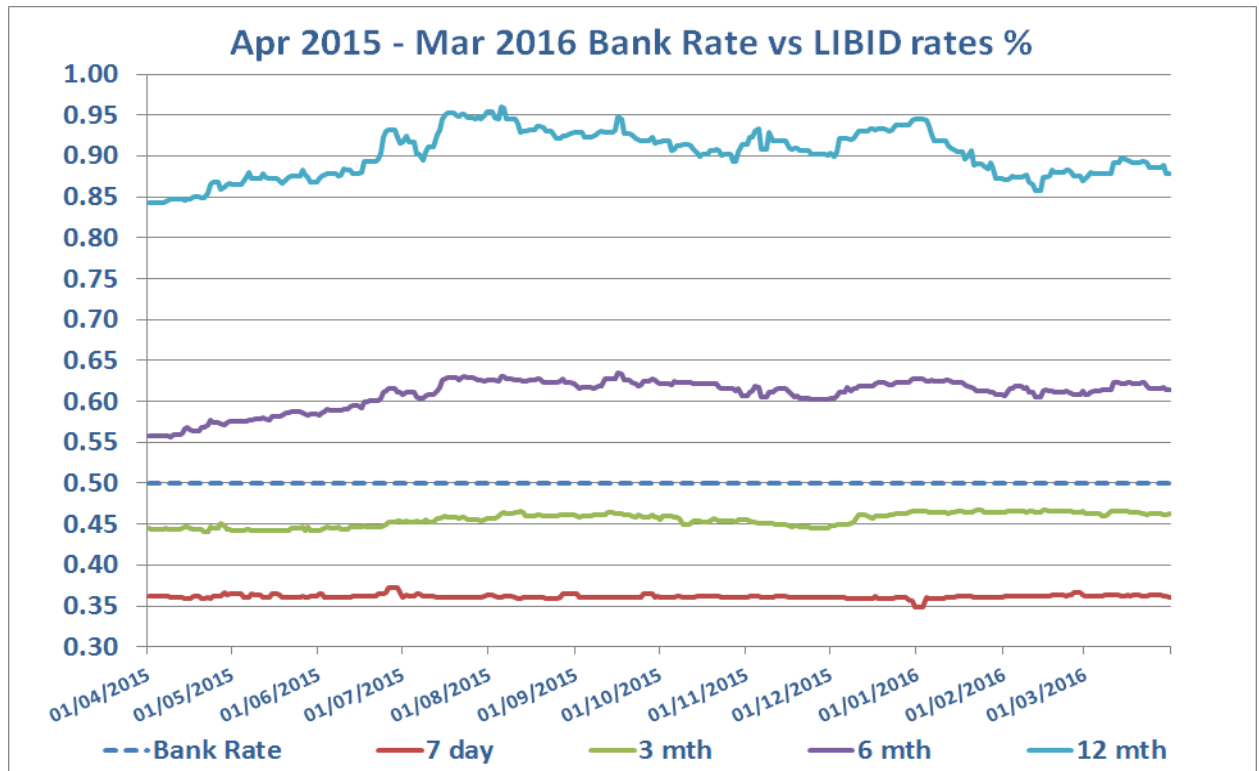
The Council repaid the following loans during the year using investment balances.

Lender	Principal	Type	Interest Rate
Prudential Assurance	£1.0m	Fixed interest rate	11.375%
PWLB	£2.4m	Fixed interest rate	9.375%
PWLB	£0.4m	Fixed interest rate	9.125%
PWLB	£3.3m	Fixed interest rate	10.000%
PWLB	£0.1m	Fixed interest rate	11.625%
PWLB	£0.4m	Fixed interest rate	11.000%
PWLB	£3.0m	Fixed interest rate	3.280%
Greater Manchester Combined Authority	£10.0m	Fixed interest rate	0.35%
Surrey County Council	£10.0m	Fixed interest rate	0.30%
Other Temporary Borrowing	£1.7m	Fixed interest rate	0.30%

Summary of debt transactions

Management of the debt portfolio resulted in an increase in the average interest rate of 0.1% due to a reduction in temporary borrowing, overall the reduction in interest payments resulted in net General Fund savings of around £1.1m.

8. Investment Rates in 2015/16



Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.

9. Investment Outturn for 2015/16

Investment Policy – the Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 12 February 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council - the Council maintained an average daily balance of £59.8m of internally managed funds. The internally managed funds earned an average rate of return of 0.685%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.363%. This generated additional interest income of £0.2m

Prudential and Treasury Indicators

During 2015/16, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2014/15 Actual £000	2015/16 Original £000	2015/16 Actual £000
Capital expenditure	36,281	45,505	24,185
Capital Financing Requirement	257,556	272,746	253,896
Gross borrowing	247,280	250,710	233,986
External debt	173,378	158,090	158,089
Investments	56,408	20,000	46,438
Net borrowing	116,970	138,090	111,651

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16.

	2015/16
Authorised limit	£286m
Maximum gross borrowing position	£251m
Operational boundary	£278m
Average gross borrowing position	£236m
Financing costs as a proportion of net revenue stream	7.7%

The authorised limit – this Council has kept within its authorised external borrowing limit as shown by the table above.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

The maturity structure of the debt portfolio was as follows:

	31 March 2015 actual	2015/16 original limits	31 March 2016 actual
Under 12 months	£31.9m	£47.4m	£16.6m
12 months and within 24 months	£18.4m	£47.4m	£8.9m
24 months and within 5 years	£16.4m	£47.4m	£16.4m
5 years and within 10 years	£6.5m	£63.2m	£6.5m
10 years and within 20 years	£0.0m	£126.4m	£0.0m
20 years and within 30 years	£12.9m	£126.4m	£12.9m
30 years and within 40 years	£15.3m	£126.4m	£28.9m
40 years and within 50 years	£30.0m	£126.4m	£36.8m
50 years plus	£42.0m	£126.4m	£31.0m
Total	£173.4m		£158.0m

All investments were for under one year.

The exposure to fixed and variable rates was as follows which demonstrates that the year end position was within the agreed limits:

	31 March 2015 Actual £000	2015/16 Original Limits £000	31 March 2016 Actual £000
Fixed rate (principal or interest) based on net debt	95%	195%	100%
Variable rate (principal or interest) based on net debt	35%	60%	42%

ARGYLL AND BUTE COUNCIL
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30 JUNE 2016

ANNUAL EFFICIENCY STATEMENT 2015-16

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to present the Council's Annual Efficiency Statement to Council for noting.
- 1.2 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year, along with summary detail on some of the main ways the Council is delivering efficiency savings.
- 1.3 The Council must submit their 2015-16 Annual Efficiency Statement to COSLA by Friday 19 August 2016.
- 1.4 The Council has achieved £7.388m in efficiency savings for 2015-16 which exceeds the target requirement of £5.294m.

ANNUAL EFFICIENCY STATEMENT 2015-16

2. INTRODUCTION

- 2.1 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year. The Annual Efficiency Statement for 2015-16 is attached as an appendix to this report for noting.

3. RECOMMENDATIONS

- 3.1 Council to note the contents of the Annual Efficiency Statement for 2015-16.

4. DETAIL

- 4.1 For 2015-16, the Scottish Government expects every public body to deliver efficiency savings of at least 3% and to report publicly on the actions undertaken and the results achieved. Council's must publish an Annual Efficiency Statement each year. The Annual Efficiency Statement is attached as an appendix to this report and has been prepared in accordance with the guidance issued by COSLA.
- 4.2 The 3% efficiency savings are calculated based on departmental expenditure limit (DEL). Income from Non-Domestic Rates (NDR) is annually managed expenditure so falls outwith DEL. The Scottish Government funding for the Council for 2015-16 was £204.313m. The NDR element of the funding amounted to £27.840m giving funding excluding NDR of £176.473m. This gives rise to a 3.00% efficiency savings target of £5.294m. The total efficiency saving achieved for 2015-16 was 4.19%, £7.388m as outlined in the attached statement and this exceeds the target saving.
- 4.3 Arrangements continue to be in place to monitor and report on progress with efficiency savings through the Planning and Performance Management Framework and Performance Scorecards.

5. CONCLUSION

- 5.1 The Council achieved its efficiency savings target for 2015-16.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | The Council has achieved its efficiency target for 2015-16. |
| 6.3 | Legal - | None. |
| 6.4 | HR - | Individual efficiency savings may have had human resource implications and these would have been discussed with the Trade Unions. |
| 6.5 | Equalities - | Individual efficiency savings may have had equality implications and equality impact assessments would have been carried out where required. |
| 6.6 | Risk - | None. |
| 6.7 | Customer Service - | Individual efficiency savings may have had customer service implications. |

Councillor Dick Walsh, Council Leader - Policy Lead Strategic Finance

**Kirsty Flanagan
Head of Strategic Finance
16 June 2016**

For further information contact: Damien Brolly, Finance Manager, 01546 604216

APPENDICES

Appendix 1 – Annual Efficiency Statement 2015-16

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2015-16

1	Local Authority Name	Argyll and Bute Council
2	Total cash efficiency achieved for 2015-16 £'000	£7,388,134 (4.19%)
3	<p>Summary of efficiency activity e.g.</p> <p>The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas.</p> <p>The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year.</p> <p>Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved.</p>	<p>The Council set an efficiency savings target as part of the 2015-16 budget.</p> <p>The Council continues to explore opportunities for asset rationalisation, both offices and depots.</p> <p>The Council has a number of shared services/joint working arrangements in place.</p> <p>These include;</p> <ul style="list-style-type: none"> • shared scientific services, • shared contract in relation to ICT wide area network, • shared services in relation to archaeology • shared arrangements with Highland Council to carry out Road Safety Audits, • joint working in respect of the effects of welfare reform • jointly worked with all 32 Local Authorities to procure under a single contract Road Condition Index (RCI) surveys. • jointly worked with 12 Local Authorities in the west of Scotland to produce a Road Inspections Manual. • jointly procured, with 12 Local Authorities in the west of Scotland, a weather forecasting service. • joint working with Police Scotland for antisocial noise and an agreement in place with 7 other local authorities to use our mobile anthrax incinerator. • exploring joint working possibilities with the NHS, holding a number of workshops covering procurement, ICT and Fleet management. <p>The Council have a Planning and Performance Management Framework which is outcome based. Each Council service has their own performance scorecard measuring their service outcomes, which link to the Council's corporate outcomes.</p>

		<p>In addition to the efficiencies and savings delivered by shared services and joint working, the Council has also delivered Financial Management savings in the following areas.</p> <ul style="list-style-type: none"> • Switching Fleet vehicles replacement from Leasing to Capital purchase. • Managing cashflow effectively to delaying external borrowing to obtain beneficial rates. • Securing a loyalty payment on the refinancing of the NPDO schools projects.
<p>4</p>	<p>Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000 (only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.</p>	<p>Procurement = £1,245,349 The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. Heads of Service and Procurement Action Managers are working together to achieve targets and ensure as much spend as possible is put through systems to obtain better spend information in the future.</p> <p>Shared Services = Noted in Section 3 There are a number of joint working arrangements which have previously given rise to efficiency savings and which continue to add value as noted in Section 3 above.</p> <p>Asset Management = No new savings during 2015-16 The Council continues to explore opportunities to rationalise its asset base working on its own and with Community Planning Partners. It has set a target of a cumulative reduction in Gross Internal Floor Area occupied of 15% and, to date, has achieved a 17% reduction. This is mainly as a result of office rationalisation in the towns of Campbeltown, Helensburgh, Lochgilphead and Oban and has been achieved through the adoption of the updated space standards associated with the Workforce Deployment Project, the associated termination of leases for leased in offices and the disposal of surplus office accommodation. Through this, the Council has delivered recurring savings of circa £130,000. In addition, the Council is moving forward with a Depot Rationalisation project, having recently completed the first phase in Helensburgh. The latest initiative is being taken forward in collaboration with Community Planning Partners wherein, with the assistance of the</p>

		<p>Scottish Futures Trust, a Place Based Review is being piloted within Dunoon to determine further opportunities for rationalisation of assets.</p>
<p>5</p>	<p>Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?</p>	<p>A high level approach to verifying performance has been taken using the service outcomes on the service performance scorecards. The service outcomes are measured using the key success measures for ongoing service delivery in important areas of the Councils business. On this basis they can be assumed to represent quality and delivery in key service areas. The service outcomes are classified as red or green where green represents on target and red is off target. There is also an amber classification which indicates that more than half of the actions within the service outcome are on track. If the service outcomes are predominately classed as green or amber then this indicates the standards for service quality and delivery are being achieved.</p> <p>As at March 2016, out of 76 service outcomes, 68 were either green or amber and 8 were red. This indicates that service quality is at the standards specified in the service plan and on this basis the efficiency savings have not had a negative impact on service delivery.</p>

Signed
Cleland Sneddon, Chief Executive

Signed
Dick Walsh, Council Leader

Date: 30 June 2016

ARGYLL AND BUTE COUNCIL

COUNCIL

STRATEGIC FINANCE

30 JUNE 2016

STRATEGIC HOUSING FUND ANNUAL REPORT 2015-16

1.0 EXECUTIVE SUMMARY

1.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund;
- An Empty Homes Strategy, and
- To promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

In line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

1.2 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2015-16, the current balance on the SHF as at 31 March 2016 and all future commitments against this balance.

1.3 The closing balance as at 31 March 2016 on the SHF is outlined in the table below:

	Opening Balance at 1 April 2015 £m	Income 2015-16 £m	Expenditure 2015-16 £m	Closing Balance at 31 March 2016 £m
Earmarked Balance in General Fund	7.673	1.992	(3.083)	6.582
Useable Capital Receipts Reserve	2.767	0.010	0	2.777
TOTAL	10.440	2.002	(3.083)	9.359

1.4 There are a number of outstanding commitments against the SHF balance, as at 31 March 2016, and these total £3.705m.

1.5 The uncommitted SHF balance as at 1 April 2016 is £5.654m. There are plans to fully utilise this uncommitted balance over 3 years (2015-18) to support the

affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in November 2014.

ARGYLL AND BUTE COUNCIL

COUNCIL

STRATEGIC FINANCE

30 JUNE 2016

STRATEGIC HOUSING FUND ANNUAL REPORT 2015-16

2.0 INTRODUCTION

2.1 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2015-16, the current balance on the SHF as at 31 March 2016 and all future commitments against this balance.

3.0 RECOMMENDATIONS

3.1 Members are asked to note the report on income and expenditure for 2015-16 and the balance on the SHF as at 31 March 2016.

3.2 Members to note the estimated future income for SHF for 2016-17.

3.3 Members to approve the commitment of £143k from the Strategic Housing Fund for 2016-17, in respect of the Service Choices saving agreed by Council in February, and to note that there will be inflationary increases relevant to this Service Choices saving in future years.

4.0 DETAIL

4.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund;
- An Empty Homes Strategy, and
- To promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

Subsequently, in line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

4.2 In September 2007, a further report went to Council to formally agree the arrangements for the operation of the SHF. The following items of expenditure were deemed appropriate and agreed:

- Expenditure incurred in relation to assets formally held on the Housing Revenue Account;
- Expenditure relating to the acquisition of land for the landbank;
- Expenditure related to the purchase of homes under the empty homes initiative;
- Payments to enhance infrastructure where this is restricting the development of affordable housing, and
- Payments to registered social landlords (RSLs) to partially fund proposed projects to deliver houses in accordance with the local housing strategy.

4.3 The introduction of the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 provided enabling powers for further regulations to modify council tax discounts. The new legislation defined new categories of unoccupied properties which differed from the previous categories, and provided new discretions for charging council tax on these new categories.

4.4 The new regulations allow the council to determine that, instead of a reduced discount of a minimum of 10%, no discount, or an increase in council tax of up to 100% may apply. There has been no change to the Council decision in December 2004 to reduce the discount on second and holiday homes from 50% to 10% and the additional council tax income collected as a result of this continues to be ring-fenced to the SHF.

4.5 The Council exercised the discretion to increase the council tax charge on empty properties, where the dwelling has been unoccupied for over 12 months, by 100% across the whole council area with effect 1 April 2014 and this additional income is not ring-fenced to the SHF.

4.6 There are currently two elements to the SHF balance:

Earmarked Balance in General Fund Reserve

Income collected from council tax on second homes which can only be used for investment in affordable, sufficient and suitable housing. The current balance in this reserve represents income from council tax collections from previous financial years. Each year the actual income collected is transferred into this earmarked balance and is, on average, c. £1.9m.

Useable Capital Receipts Reserve

This relates to the accumulated unspent capital receipts from the sale of council houses prior to the transfer of the housing stock. Any sale of residual HRA property or land is transferred to this reserve when the capital receipts are received.

- 4.7 The closing balance as at 31 March 2016 on the Strategic Housing Fund is outlined in the table below:

	Opening Balance at 1 April 2015 £m	Income 2015/16 £m	Expenditure 2015/16 £m	Closing Balance at 31 March 2016 £m
Earmarked Balance in General Fund	7.673	1.992	(3.083)	6.582
Useable Capital Receipts Reserve	2.767	0.010	0	2.777
TOTAL	10.440	2.002	(3.083)	9.359

- 4.8 Further detail of the income and expenditure for 2015-16 is included as Appendix 1.
- 4.9 There are a number of outstanding commitments against the Strategic Housing Fund. There is usually a delay between grants being approved and the monies being released. Included as Appendix 2 is a list of these outstanding commitments, these funds were not released prior to 31 March 2016.
- 4.10 Included in Appendix 2, as an additional outstanding commitment for 2016-17, is the total relating to the Strategic Housing staff to be charged to the Strategic Housing Fund as a result of the Service Choices saving agreed by Council in February 2016. The total cost to the Strategic Housing Fund will be £143k and this figure will in turn be subject to inflationary increases in future years.
- 4.11 The table below sets out the uncommitted balance on the fund as at 31 March 2016.

	£m
Balance at 31/03/16	9.359
Commitments re Appendix 2	3.705
Uncommitted Balance	5.654

- 4.12 There are plans to fully utilise this uncommitted balance over 3 years (2015-18) to support the affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in November 2014.
- 4.13 In 2011, Council set a target of 110 affordable housing completions per annum, based on the need evidenced through the Housing Need and Demand Assessment (HNDA) process. That process has recently been reviewed and the latest study is currently with the Centre for Housing Market Analysis to determine whether it meets the Scottish Government's robust and credible criteria. The SHIP is currently under review and part of the review process is an evaluation of the costs associated with the development programme over the last five years. This will help to determine appropriate levels of top up funding from the SHF moving forward. The outcome of the evaluation and the revised SHIP is to be presented to the Community Services Committee in September.
- 4.14 The estimated income from council tax on second homes for 2016-17 is £1.9m.

- 4.15 In addition to the above, the council has used reserves to advance loans to RSL's in line with the approach agreed in August 2013. Details of the loans advanced and balance outstanding at 31 March 2016 are set out below:

RSL	Scheme Name	Amount Committed £m	Amount Advanced £m	Rate of Interest %	Repayment Period (years)	Amount o/s 31/03/16 £m
FYNE	Courthouse	1.9	1.9	1.93	3	0.931
ACHA	Glenshellach	2.305	2.305	4.45	25	2.200
ACHA	Bonawe	0.123	0.123	4.43	25	0.119
ACHA	Hood Court	0.603	0.603	4.43	25	0.586
FYNE	St Cuthbert's	0.201	0			0
WHHA	Port Ellen	0.955	0			0
Total		6.087	4.931			3.836

5.0 CONCLUSION

- 5.1 The Strategic Housing Fund makes a significant contribution to the new affordable housing development programme in Argyll and Bute. The closing balance on the fund at 31 March 2016 was £9.359m with future outstanding commitments of £3.705m, leaving an uncommitted balance of £5.654m to further support the affordable housing development programme as set out in the Strategic Housing Improvement Plan (SHIP) report 2014.

6.0 IMPLICATIONS

- 6.1 Policy: None
- 6.2 Financial: None, Strategic Housing Fund will continue to be administered in line with approved policy.
- 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
Councillor Dick Walsh, Council Leader – Policy Lead Strategic Finance
Councillor Robin Currie – Policy Lead Community and Culture, Gaelic and Strategic Housing
18 May 2016

APPENDICES

Appendix 1: SHF Income and Expenditure 2015-16

Appendix 2: Outstanding SHF Commitments

Strategic Housing Fund (SHF) 2015-16**Earmarked Balance in General Fund Reserve 2015-16**

£ £ £

SHF Opening Balance 2015-16 **7,672,441**

2015-16 INCOME

Income from Council Tax on Second Homes 1,991,918

2015-16 EXPENDITURE

RSL	Scheme	£	£
ACHA	Shoreline, Bowmore	65,436	
ACHA	Barn Pk, Inveraray	264,000	
ACHA	Carsaig, Tayvallich	50,000	
ACHA	Travelling Person Sites	38,659	
Total ACHA			418,095
DHA	East King St	528,000	
Total DHA			528,000
FYNE HOMES	St Cuthbert's, Dunoon	554,500	
FYNE HOMES	Kilmun	176,000	
Total FYNE HOMES			730,500
WHHA	Iona	361,000	
WHHA	Dunbeg, Greener Standard	646,593	
WHHA	Benderloch	300,000	
Total WHHA			1,307,593

2,984,188

Other Spend

SHQS Upgrades	42,407	
Furnace Coastal Protection	21,874	
Empty Homes Officer Post	34,481	98,762

SHF Closing Balance 2015-16

6,581,409

Strategic Housing Fund (SHF) 2015-16**Usable Capital Receipts (UCR)**

	£	£
<u>UCR Opening Balance 2015-16</u>		2,766,934
<u>2015-16 INCOME</u>		
HRA Revenue Interest on UCR Reserve	10,001	<u>10,001</u>
<u>UCR Closing Balance 2015-16</u>		<u><u>2,776,935</u></u>

Outstanding Strategic Housing Fund Commitments

RSL	Scheme	Grant Approved	Total Drawn Down as at 31/03/16	Commitment Remaining
		£	£	£
ACHA	Shoreline, Bowmore	679,996	679,996	0
ACHA	Barn Pk, Inveraray	264,000	264,000	0
ACHA	Carsaig, Tayvallich	50,000	50,000	0
ACHA	St Oran's Place, Connel	250,000	0	250,000
ACHA	Sealladh Na Mara, Bowmore	250,000	0	250,000
ACHA	Glenshellach, Oban	425,000	0	425,000
ACHA	Victoria Park, Dunoon	125,000	0	125,000
ACHA	St Oran's Place, Connel (Phase 3)	250,000	0	250,000
ACHA	Travelling Person Sites	77,659	38,659	39,000
DHA	Succoth, greener standard	941,000	0	941,000
DHA	East King St	528,000	528,000	0
FYNE HOMES	St Cuthbert's, Dunoon	554,500	554,500	0
FYNE HOMES	Kilmun	176,000	176,000	0
WHHA	Iona	361,000	361,000	0
WHHA	Dunbeg, greener standard	646,593	646,593	0
WHHA	Imeraval, Islay	540,000	0	540,000
WHHA	Benderloch	300,000	300,000	0
RHDF	Ulva	180,000	0	180,000
ABC	Council Serviced Tenancies (SHQS)	572,000	57,623	514,377
ABC	Furnace Coastal Protection	69,000	21,874	47,126
ABC	Strategic Housing Staff	143,362	0	143,362
TOTAL		7,383,110	3,678,245	3,704,865

ARGYLL AND BUTE COUNCIL
STRATEGIC FINANCE

COUNCIL
30 JUNE 2016

HEALTH AND SOCIAL CARE PARTNERSHIP – RISK MANAGEMENT STRATEGY

1. Executive Summary

- 1.1 This report provides Members with detail of the proposed risk management arrangements for the Argyll and Bute Health and Social Care Partnership. A copy of the Risk Management Strategy is attached as Appendix 1.
- 1.2 The strategy has been prepared in consultation with officers from both partners and whilst it differs from the Council approach, the content is reflective of expected practice and satisfies a requirement that the Scheme of Integration requires for parties to develop a shared risk management strategy that will identify, assess and prioritise risks.
- 1.3 Members are asked to approve the content of the Risk Management Strategy prior to submission to the Integrated Joint Board (IJB).

HEALTH AND SOCIAL CARE PARTNERSHIP – RISK MANAGEMENT STRATEGY

2. INTRODUCTION

- 2.1 This report provides Members with detail of the proposed risk management arrangements for the Argyll and Bute Health and Social Care Partnership. A copy of the Risk Management Strategy is attached as Appendix 1.

3. RECOMMENDATION

- 3.1 Members are asked to approve the content of the Risk Management Strategy prior to submission to the Integrated Joint Board.

4. DETAIL

- 4.1 The IJB recognises that the planning and delivery of health and social care services involves having to manage risk. The IJB is responsible for the operational oversight of Integrated Services. The Risk Management Strategy describes the risk management arrangements for Argyll and Bute Health and Social Care Partnership and forms part of the wider framework for corporate governance and internal control.
- 4.2 The strategy has been prepared in consultation with officers from both partners and whilst it differs from the Council approach, the content is reflective of expected practice and satisfies a requirement that the Scheme of Integration requires for parties to develop a shared risk management strategy that will identify, assess and prioritise risks. A detailed guidance document has also been prepared to support the strategy.
- 4.3 The strategy takes a holistic approach to risk management and scope applies to all risks, whether relating to the provision of care, buildings, staff safety and well-being, financial and any other emerging risk.
- 4.4 The Chief Officer will ensure the maintenance of an up to date risk register in respect of all functions delegated to the IJB.
- 4.5 The Strategy outlines communication and reporting arrangements whereby the IJB will ensure that the Strategic Risk Register will be reported annually to the NHS Highland Board and Argyll and Bute Council, or whenever requested. The remit of the Audit Committee (IJB) includes responsibility for reviewing the effectiveness of the risk management approach.
- 4.6 As outlined within the Scheme of Integration, the Risk Management Strategy is to be approved by both partner organisations. The Strategy will allow for any subsequent changes to the strategy to be approved by Argyll and Bute Integration Joint Board.

5. CONCLUSION

5.1 Arrangements are in place for the Health and Social Care Partnership which provide a sound foundation for identifying and managing risk.

6. IMPLICATIONS

6.1 Policy – Outlines the Risk Management Strategy to be implemented by the Health and Social Care Partnership.

6.2 Financial – None directly from this report but effective risk management assists with effective governance and stewardship of council and partnership resources

6.3 Personnel – None

6.4 Equal Opportunities – None

6.5 Legal – None.

6.6 Risk – Assurance can be taken that arrangements are in place to actively manage risk.

6.7 Customer Service – None.

Kirsty Flanagan
Head of Strategic Finance
31 May 2016

For further information contact: Christina West, Chief Officer, Argyll & Bute Health and Social Care Partnership – Tel: 01546 605646 Email: christina.west@nhs.net

APPENDICES:

Appendix 1 –Argyll and Bute Health and Social Care Partnership Risk Management Strategy

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Argyll & Bute Health & Social Care Partnership

Risk Management Strategy

1. Introduction

The Integration Joint Board (IJB) recognises that the planning and delivery of health and social care services involves having to manage risk. The IJB is responsible for the operational oversight of Integrated Services, and through the Chief Officer is responsible for the operational management of these services. Caring for people, managing staff, facilities and finances are all, by their nature, activities that involve risk. These risks are present on a day-to-day basis throughout the organization, they cannot be avoided but they can be managed to an acceptable level. This Risk Management Strategy describes the risk management arrangements for Argyll & Bute Health & Social Care Partnership, and forms part of the wider framework for corporate governance and internal control.

Argyll & Bute Health & Social Care Partnership Integration Joint Board is responsible for the strategic planning and reporting of a range of health and social care services delegated by NHS Highland Health Board and Argyll & Bute Council (described within the Integration Scheme (March 2015)). The Council and the Health Board discharge the operational delivery of those delegated services through the partnership arrangement referred to as *Argyll & Bute Health & Social Care Partnership*. The Integration Joint Board is responsible for the operational oversight of the Partnership.

The Integration Scheme requires:

- *The Parties will develop a shared risk management strategy that will identify, assess and prioritise risks related to the delivery of services under integration functions, particularly any which are likely to affect Argyll and Bute Integration Joint Board's delivery of the Strategic Plan.*
- *The Chief Officer will ensure the maintenance of an up to date integrated risk register in respect of all functions delegated to Argyll and Bute Integration Joint Board.*

2. Vision

The main purpose of Integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and require support from both health and social care.

In order to achieve this the IJB has set out a number of Strategic Objectives, as outlined in the Strategic Plan 2016/17 – 2018/19, which are designed to deliver the National Outcomes for Adults, Older People and Children.

The risk management vision is to support the aims of integration, the IJB's Strategic Objectives, and the key values with appropriate and effective risk management practice. Good risk management practice will be embraced by

the IJB and throughout the Health & Social Care Partnership as an enabler of success, by meeting the following objectives:

- promote awareness of risk and define responsibility for managing risk within the IJB, and throughout the management structure of the Partnership;
- establish communication and sharing of risk information through all areas of the IJB;
- initiate measures to reduce the IJB's exposure to risk and potential loss;
- ensure risk management is part of the organisation's governance and operational management and should be integrated into all processes and activities
- establish standards and principles for the efficient management of risk, including regular monitoring, reporting and review.
- Establishing integrated risk registers.

This strategy takes a holistic approach to risk management and the scope applies to all risks, whether relating to the provision of care, our buildings, staff safety and wellbeing, financial risks and opportunities or threats.

These risks will be split into two broad categories:

Strategic risks represent the most significant risks that impact on the IJB's ability to deliver on its strategic objectives.

Operational risks are those risks that impact on, or arise from, the activities of an individual service area or team operating within the scope of the IJB's activities. These tend to be more front-line in nature and the management of these risks, would typically be led by local managers and team leads. Sometimes operational risk may impact across a number of areas or be interconnected with other risks and, because of this, require more strategic leadership, they would then be escalated to strategic risks.

The measure of success for this vision will be how well the IJB has been able to use its allocated resources to effectively deliver its Strategic Plan.

3. Risk Management Process & Framework

The following framework provides the foundation and arrangements to embed risk throughout the organisation at all levels. The framework ensures that information about risk is taken from the risk management process and is adequately reported and used as a basis for decision making and accountability at all levels.

The framework has been designed by understanding the needs of the organisation and the context within which it is established. This includes the

aims of integration, our Strategic Objectives, our regulatory framework and the relationship with the Council and the Board.

The Risk Management Process follows BS/ISO 31000:2009 Risk Management – Principles and Guidelines and the associated Code of Practice in BS/ISO 31100.

3.1 Responsibility, Accountability, Assurance and Governance

3.1.1 Responsibility & Accountability

3.1.1.1 Integration Joint board

Members of the Integration Joint Board are responsible for:

- oversight of the IJB's risk management arrangements;
- receipt and review of reports on strategic risks which could impact on the Board's Strategic Objectives and delivery of the Strategic Plan. The majority of risks will be reported through the Strategic Risk Register, also the Chief Officer will ensure that key risks from the Operational Risk Registers that require to be brought to the IJB's attention are reported;
- ensuring they are aware of any risks linked to recommendations from the Chief Officer concerning new priorities/ policies and the like

3.1.1.2. Chief Officer

The Chief Officer has overall accountability for the IJB's risk management framework, ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the IJB. The Chief Officer will keep the Chief Executives of the IJB's partner bodies informed of any significant existing or emerging risks that could seriously impact the IJB's ability to deliver the outcomes of the Strategic Plan or the reputation of the IJB. The Chief Officer will ensure the maintenance of an up to date integrated risk register in respect of all functions delegated to Argyll and Bute Integration Joint Board.

3.1.1.3 Chief Financial Officer

The Chief Financial Officer will be responsible for promoting arrangements to identify and manage key business risks, risk mitigation and insurance.

3.1.1.4 Senior Management Team

Members of the Senior Management Team are responsible (either collectively, or by nominating a specific member of the team) for:

- supporting the Chief Officer and Chief Financial Officer in fulfilling their risk management responsibilities;
- arranging professional risk management support, guidance and training from partner bodies;
- receipt and review of regular risk reports on strategic, shared and key operational risks and escalating any matters of concern to the IJB; and,
- ensuring that the risk management processes as outlined in (*Argyll & Bute HSCP Risk Management Process - Guidance for Managers*) are actively promoted across their teams and within their areas of responsibility.
- Maintaining a risk register for their service.

3.1.1.5 Individual Risk Owners

It is the responsibility of each risk owner to ensure that:

- risks assigned to them are analysed in keeping with the agreed risk matrix;
- data on which risk evaluations are based are robust and reliable so far as possible;
- risks are defined clearly to make explicit the scope of the challenge, opportunity or hazard and the consequences that may arise;
- risk is reviewed not only in terms of likelihood and impact of occurrence, but takes account of any changes in context that may affect the risk;
- controls that are in place to manage the risk are proportionate to the context and level of risk.

3.1.1.6 All persons working under the direction of the IJB

Risk management should be integrated into daily activities with everyone involved in identifying current and potential risks where they work. Individuals have a responsibility to make every effort to be aware of situations which place them or others at risk, report identified hazards and implement safe working practices developed within their service areas. This approach requires everyone to:

- understand the risks that relate to their roles and activities;
- understand how their actions relate to their own, their patient's, their services user's/ client's and public safety;
- understand their accountability for particular risks and how they can manage them;
- understand the importance of flagging up incidents and/ or near misses to allow lessons to be learned and contribute to ongoing improvement of risk management arrangements; and,
- understand that good risk management is a key part of the IJB's culture.

3.1.1.7 Partner Bodies

It is the responsibility of relevant specialists from the partner bodies, (such as internal audit, external audit, clinical and non clinical risk managers and health and safety advisers) to attend meetings as necessary to consider the implications of risks and provide relevant advice. It is the responsibility of the partner bodies to ensure they routinely seek to identify any residual risks and liabilities they retain in relation to the activities under the direction of the IJB.

3.1.2 Assurance and Governance

The IJB provides assurance to both the Health Board and the Council on the key risks relating to planning, development and provision of health and social care services in Argyll and Bute.

The IJB has delegated certain aspects of risk governance to the Clinical and Care Governance Committee and the Audit Committee. Each committee has a responsibility for providing assurance to the Board in respect of the areas detailed below.

3.1.2.1.Audit Committee

The Audit Committee, through internal audit, external audit and other assurance sources will provide independent objective assurance to the IJB on the extent to which the risk management arrangements are in place and are effective.

3.1.2.2 Clinical and Care Governance Committee

The Clinical and Care Governance Committee provides assurance to the IJB that all key risks in clinical care and patient safety are identified and managed effectively. This requires the committee to use the Strategic Risk Register to consider risks that may require further scrutiny (for example, risks evaluated as very high) and seek assurance from individual risk owners regarding the management of these risks, including the adequacy of existing control measures and progress against any actions required for improvement.

3.2 Integration into organisational processes

Risk management should not be a stand-alone function, but should be integrated into day to day management processes.

Each Head of Service will establish a risk register in line with this policy. Each Head of Service will also identify key staff who will assume responsibility for risk within their area, and ensure that roles and responsibilities are clearly understood and adhered to.

The IJB expects staff to identify and report risk in line with this policy, as appropriate. Line Managers are responsible for ensuring that staff are enabled to identify learning needs and supported to participate in appropriate risk management related activities.

The Strategic Risk Register will be reported to the IJB six monthly, demonstrating the changes in the risk profile of the Partnership. Key risks will be considered on an ongoing basis.

3.3 External communications and reporting

The IJB will ensure that the Strategic Risk Register will be reported annually to the NHS Highland Board and Argyll & Bute Council, or whenever requested. Also individual risks will be escalated/reported as necessary

3.4 Monitoring, review and continuous improvement

The Audit Committee is responsible for reviewing the effectiveness of the risk management approach.

The Audit Committee may commission internal audit to review the risk management approach to provide assurance to the Board that the risk management system in place is robust and in line with this strategy (is effective in implementing this policy.)

The Health & Social Care Partnership operates in a dynamic and challenging environment. Therefore a suitable system is required to ensure risks are monitored for change in context and scoring so that appropriate response is made.

The Chief Officer will jointly prepare an annual Strategic Risk Register that will identify, assess and prioritise risks related to the preparation and delivery of the Strategic Plan; and identify and describe processes for mitigating those risks.

The Chief Officer will formally review the risk register on a six monthly basis. The Chief Officer is responsible for drawing to the attention of the Audit Committee, the IJB, Council and Health Board any substantive developments in-year that lead to a substantial change to the strategic risk register in-year.

The Chief Officer will review these risk management arrangements on a regular basis and drive continuous improvement in risk management across the Health & Social Care Partnership.

3.5 Resourcing the Risk Management Strategy

The Health Board's Director of Finance and the Council's Section 95 Officer will ensure that the IJB and its Audit Committee are provided with the necessary technical and corporate support to develop, maintain and scrutinise strategic risk registers.

Much of the work on developing and leading the ongoing implementation of the risk Management framework will be undertaken as part of routine activity within the Health & Social Care Partnership.

Wherever possible the IJB will ensure that any related risk management training and education costs will be kept to a minimum, with the majority of risk-related courses/ training being delivered through resources already available to the IJB (the partner body risk managers/ risk management specialists).

Where risks impact specifically on either the Council or Health Board and new risk control measures require to be developed and funded, it is expected that the costs will be borne by that organisation.

Financial decisions in respect of these risk management arrangements will rest with the Chief Officer and the Chief Financial Officer.

3.6 Training and development

To implement effectively this policy and strategy, it is essential for staff to have the competence and capacity for managing risk and handling risk judgements. The IJB will ensure that managers are provided with relevant training to ensure they have the abilities to manage risk. Training will be provided in:

- The risk management process
- Risk assessment
- Incident management
- Incident investigation and analysis
- Risk Register process

The Senior Management Team will regularly review risk management training and development needs and source the relevant training and development opportunities required from the Council and Health Board.

Wherever possible the Chief Financial Officer will ensure that any locally identified risk management training and education costs will be kept to a minimum, with the majority of risk-related courses/ training being delivered

through resources available from corporate services provided by the Council and Health Board.

3.7 Process

The risk management process is an integral part of how we manage risk, how we embed risk management in our culture and practices and integrate it with our business processes. Further details and guidance can be found in the following document

Argyll & Bute HSCP Risk Management Process - Guidance for Managers.

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**ARGYLL AND BUTE COUNCIL
ELECTION OF COUNCILLOR
WARD 5 - OBAN NORTH AND LORN
2 JUNE 2016**

The name and address of the person who has been elected as a Councillor in Ward 5 – Oban North and Lorn at the by-election held on 2 June 2016 is as follows:-

ELECTORAL WARD	NAME	ADDRESS	DESCRIPTION
Oban North and Lorn	Kieron Green	Flat 1, 49C Combie Street, Oban, PA34 4HS	Independent

Charles Reppke
Returning Officer
2 June 2016

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ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

COUNCIL CONSTITUTION REVIEW

1.0 EXECUTIVE SUMMARY

This report considers proposed changes to the Council Constitution.

The Council generally reviews the Constitution annually and various minor changes are proposed and future issues highlighted in this report.

The key recommendations are as follows:

- 1.1 To note the adjustments to the remit of the strategic committees to recognise the inception of the Argyll and Bute Integration Joint Board.
- 1.2 To amend the Scheme of Delegation to provide that the Vice Chair of the Performance Review and Scrutiny Committee be appointed by the Council from one of the opposition members appointed to the committee.
- 1.3 To amend the delegation to Area Committees so that disposals by sale or lease come to the relevant Area Committee only where it is proposed not to accept the best consideration.
- 1.4 To note the proposed update to the delegations to the Executive Director of Development and Infrastructure Services to determine requests to stop up or realign core paths, to make it explicit that any Area Capacity Evaluation can be determined by the officer as provided for in the decision of the Council in April 2015 and to make some minor adjustments to the wording of 26/28/29/30 as set out in the revised draft. In addition the Chief Officer Integration Joint Board now appears formally in the Scheme of Delegation.
- 1.5 To agree to update Appendix 2 of the Financial and Security Regulations, including revisions to the Anti- Fraud Strategy and Public Interest Disclosure Policy, as set out in the revised draft.
- 1.6 To agree to update Part F of the Constitution to refer to the new guidance from the Standards Commission issued in March 2016.

An overview of key changes is provided at Appendix 1.

ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

30 JUNE 2016

COUNCIL CONSTITUTION REVIEW

2.0 INTRODUCTION

2.1 This report considers proposed changes to the Council Constitution.

The Council generally reviews the Constitution annually and various minor changes are proposed and future issues highlighted in this report

3.0 RECOMMENDATIONS

3.1 To note the adjustments to the remit of the strategic committees to recognise the inception of the Argyll and Bute Integration Joint Board.

3.2 To amend the Scheme of Delegation to provide that the Vice Chair of the Performance Review and Scrutiny Committee be appointed by the Council from one of the opposition members appointed to the committee.

3.3 To amend the delegation to Area Committees so that disposals by sale or lease come to the relevant Area Committee only where it is proposed not to accept the best consideration.

3.4 To note the proposed update to the delegations to the Executive Director of Development and Infrastructure Services to determine requests to stop up or realign core paths, to make it explicit that any Area Capacity Evaluation can be determined by the officer as provided for in the decision of the Council in April 2015 and to make some minor adjustments to the wording of 26/28/29/30 as set out in the revised draft. In addition the Chief Officer Integration Joint Board now appears formally in the Scheme of Delegation.

3.5 To agree to update Appendix 2 of the Financial and Security Regulations, including revisions to the Anti- Fraud Strategy and Public Interest Disclosure Policy, as set out in the revised draft.

3.6 To agree to update Part F of the Constitution to refer to the new guidance from the Standards Commission issued in March 2016.

4.0 DETAIL

- 4.1 The proposed changes to the constitution are driven generally by either the inception of the Argyll and Bute Integration Joint Board [otherwise referred to as the Health and Social Care Partnership], some minor alterations to the delegations to officers, the regular update of the financial and security regulations and finally the new guidance on the National Code of Conduct for Councillors
- 4.2 To note also that there will be a requirement to review the Constitution in 2017 to take account of changes introduced by the new Education Act and the proposed changes arising from the integration of third sector grants.

5.0 CONCLUSIONS

- 5.1 The proposed changes will address issues arising since the last revision in 2015.

6.0 IMPLICATIONS

- 6.1 Policy - These revisions will keep the Constitution up to date
- 6.2 Financial - None
- 6.3 Legal - None
- 6.4 HR - None
- 6.5 Equalities - The provisions have no adverse impact in terms of equality issues
- 6.6 Risk - None
- 6.7 Customer Service - None

Douglas Hendry - Executive Director of Customer Services
Councillor Dick Walsh - Policy Lead Strategic Finance, Improvement, HR,
Customer Support and Facility Services
21 June 2016

For further information contact: Charles Reppke, Head of Governance and Law, Kilmory, Lochgilphead, Tel: 01546 604192

Appendix 1: Review of Constitution 2016 – Summary of Key Changes

A copy of the draft Constitution is available on- line with the Council Agenda and a hard copy can be made available on request.

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REVIEW OF CONSTITUTION 2016 – SUMMARY OF KEY CHANGES

Reference Current Constitution Page & Paragraph detail		Proposed Amendment	Rationale
Scheme of Administration and Delegations – Section One	P 57 & 58 Para 1.1.1 & 1.3.2	Inclusion of Harbour Board under Political Management Arrangements	New sub-committee
	P 59 Para 1.3.2 (9)	PRS Committee - Inclusion of Vice Chair to be selected from the opposition members appointed to the Committee	Council agreement to Vice Chair role in PRS Committee.
Scheme of Administration and Delegations – Section Two	P 63 Para 2.1.2 (4)	For the avoidance of doubt this provision will have no effect in relation to any matter delegated to the Argyll and Bute Integration Joint Board	Establishment of IJB
	P66 Para 2.2.1 (1)	Policy & Resources Committee - Inclusion of : Unless such matters are delegated by a scheme of regulation	Clarifies position in event of overlap with agreed procedures.
	P69	Under Community Services Committee prior to Children and Families and Adult Social Work Services insertion of: In respect of the following matters now delegated to the A&B IJB to consider any policy response in respect of the following area and to offer comment thereon:	Reflects establishment of IJB and revised committee role.
	P71 Para 2.4.2	Section on authorisations for area committees - Addition of “not otherwise delegated”	Clarifies position on occasions where Council has delegated authorisation for acquisition , sale or lease of land or buildings elsewhere other than Area Committee
	P 72 Para 2.5.3	Removal of requirement of PPSL to determine any application requiring an Area Capacity Evaluation	No longer a requirement under new statutory guidance

	P77 &79 Para 2.7 & Para 2.8.4	Inclusion of the IJB under list of areas for Performance Review	Reflects establishment of IJB
	P 82 Para 3.2.9	Amended wording to include reference to “sale” and “best consideration” To approve terms and conditions for the sale or lease to or from a third party of property to be held on their Service account, but subject to the terms of Paragraph 2.1.5 (4) when the proposed sale or lease would be not less than best consideration.	Extension of general delegation to officers of approval of lease to also include sale in situation where offer for either lease or sale is not less than best consideration.
Scheme of Administration and Delegations – Section Three Specific Delegations to Officers	P 92 para 45	Change to ‘approvals for private sector housing grants for repairs work’ to fit with the 2006 Act	Reflects legislation.
	P 92 para 50	Change to ‘to be responsible for the implementation of chapter 5 of the Housing (Scotland) Act 2006 relating to the repair, improvement and demolition of houses’.	Reflects legislation.
	P 93 Para 55 - 56	Delegations moved from Executive Director - Community Services to Chief Officer - Argyll & Bute Integration Joint Board	Delegations amended arising from establishment of IJB
	P 96	Inclusion of delegation to exercise the housing functions delegated to the IJB under: - • Section 71 (1) (b) Housing (Scotland) Act 2006 (assistance for housing purposes) only in so far as it relates to an aid or adaptation. • Section 92 Housing (Scotland) Act 2001 (assistance for housing purposes) only in so far as it relates to an aid or adaptation.	Takes account of The Public Bodies (Joint Working) (Scotland) Act 2014 which requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services in relation to disabled adaptations.
	P 97 Para 1	Delegation to Executive Director – Development & Infrastructure to include determination of Area Capacity Evaluations	See P 72 - No longer a requirement under new statutory guidance to go to PPSL hence now delegated to Director
	P 99 Para L20	Additional point 6 under Land Reform (Scotland) Act 2003 – to make reference to Core paths.	

	P 100 Para26	Extended to include private landlord schemes as well as HMO	Change in legislation
	P 100 Para28	Amended to provide for a wider range of Licences	Provided for changes in licensing arrangements
	P 100 Para29	Updated wording with regards to statutory duties under Water (Scotland) Act	
	P 100 Para30	Updated to reflect statutory appointment titles.	
	P 104 Para 43	Amended to include reference to Harbour Authority	
Financial Security Regulations	P 137 Anti- Fraud Strategy	Revised Ant-Fraud Strategy	Updated following full review to reflect changes in benefits regulations and organisational requirements and procedures, Also reflect transfer of responsibility for investigation of benefit fraud to Department of Work and Pensions (DWP)
	P 151 Public Interest Disclosure Policy	Revised Public Interest Disclosure Policy	Updated following review to ensure compliance with best practice and equalities legislation
	P 159	Deleted Prosecution and Sanction Policy	Deleted following transfer of responsibility to DWP
	P 169	Deleted Benefit Fraud Strategy	Deleted following transfer of responsibility to DWP
	P 188 para	Replaced “the Standing Orders shall take precedence “ with where there is	Clarification to ensure alignment

	1.1.17	any discrepancy between the Standing Orders and the Procurement Manual consultation will be undertaken with the Head of Governance and Law and the Procurement Manager to agree precedence consistent with 1.1.4 .	between standing orders and procurement legislation.
	P 188 – para 2	Delete 2. TENDER REGISTER and following 2.1 and 2.2 and replace with new heading and 2.1 as undernoted : 2. CONTRACT REGISTER 2.1 The relevant Executive Director will maintain a register of all tenders awarded .	Reflect changes in procurement manual to meet revised procurement legislation.
	P188 para 3	Delete 3. FRAMEWORK AGREEMENT REGISTER and following 3.1 to 3.3 inclusive . No replacement	Reflect changes in procurement manual to meet revised procurement legislation.
	P 189 para 4.1	delete the first 3 lines up to the words and figures “ value exceeding £350, 000” inclusive and before the words “ or such figure as may be ...” replace with : “ All public works contracts to be tendered and awarded in accordance with the Public Contracts (Scotland) Regulations 2015 or the Procurement Scotland Regulations 2016 by the Council having an estimated contract value exceeding of £2 million “	Reflects changes in legislation
	P 190 para 4.4	Deleted paragraph and replaced with: Tenders which are approved for acceptance will be accepted under the hand of the relevant Executive Director or Head of Service commensurate with the Contract Award Recommendation Process on receipt of the required information .	Reflects changes in procurement manual to meet procurement legislation.
	P197	Inclusion of updated Procurement & Commissioning Strategy	Procurement & Commissioning Strategy agreed by P&R Committee Oct 2015
	P 275	Revised Guidance on National Code of Conduct for Councillors	National guidance updated 2016

POLITICAL MANAGEMENT ARRANGEMENTS

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Council on revised political management arrangements and on vacancies which have arisen on the Councils Committees and other outside bodies/organisations.
- 1.2 Changes to the political composition of the Council reflect the recent election of Councillor Kieron Green to represent Ward 5, Oban North and Lorn.
- 1.3 Following the decision made at Council on 21 April 2016 the Executive Director of Customer Services still awaits nominations from the non-Administration members of the Council to fill the current vacancies on the following Committees of the Council:
 - Audit Committee – 2 vacancies
 - Performance Review and Scrutiny Committee - 1 vacancy
 - Regulatory Cohort/PPSL Committee – 1 vacancy
 - Argyll and Bute Licensing Board – 1 vacancy
- 1.4 Council is asked to note the intention of the Provost to step down as the Council representative on KIMO and the nomination of Councillor Roddy McCuish as his replacement. Council is further requested to approve this nomination.
- 1.5 Council is asked to note the resignation of the Church of Scotland representative on the Community Services Committee, William Crossan and the impending retiral of Billy Marshall as a non-voting teacher representative on the Community Services Committee with the requirement for a new representative to be elected by teaching staff in due course
- 1.6 The Council is asked to note the nominations received for the Short Life Working Group established for the purpose of considering the future local democratic and governance arrangements of the Council.
- 1.7 The Council is further asked to consider a request for elected member nomination for membership of each of the Health and Social Care Partnership's newly established Locality Planning Groups from the Chief Officer for the Partnership.

POLITICAL MANAGEMENT ARRANGEMENTS

2. INTRODUCTION

- 2.1 The purpose of this report is to update the Council on revised political management arrangements and on vacancies which have arisen on the Councils Committees and other outside bodies/organisations.

3. RECOMMENDATIONS

- 3.1 The Council is invited to:
- a) Note the revised political management arrangements;
 - b) Note the update on existing vacancies on Council Committees;
 - c) Note the intention of the Provost to step down as the Council representative on KIMO;
 - d) Approve the appointment of Councillor Roddy McCuish as the Council representative on KIMO;
 - e) Note the resignation of the Church of Scotland representative on the Community Services Committee, William Crossan;
 - f) Note the impending retiral of Billy Marshall as a non-voting teacher representative on the Community Services Committee and the requirement for a new representative to be elected by teaching staff in due course;
 - g) Note the nominations received for the Short Life Working Group established for the purpose of considering the future local democratic and governance arrangements of the Council;
 - h) Consider nomination of an elected member to each of the Health and Social Care Partnership Locality Planning Groups.

4. DETAIL**4.1 Political Composition**

The political composition of the Council has been updated to reflect the recent election of Councillor Kieron Green to represent Ward 5, Oban North and Lorn.

Councillor Green has also confirmed that he has joined The Argyll, Lomond and the Islands Group and will become a member of the Administration.

The updated composition is attached at Appendix 1.

4.2 Vacancies on Committees/Sub- Committees

At the Council meeting on 21st April Council agreed to invite the non-administration members to fill the current vacancies on the following Committees and nominations are still awaited in this regard.

4.2.1 *Audit Committee*

The Audit Committee is comprised of 5 Members, none of which shall be a Policy Lead; and two members who are not Councillors, and who will be respectively Chair and Vice Chair of the Committee. The current membership is –

Martin Caldwell (Chair)
Sheila Hill (Vice-Chair)
Councillor Iain S MacLean
Councillor Michael Breslin
Councillor Richard Trail
Vacancy x 2

4.2.2 *Performance Review and Scrutiny (PRS) Committee*

The PRS Committee is comprised of 11 members, 4 from the opposition, 3 from the administration, 3 Community Planning Partnership nominees and an independent Chair. The current membership is:

Ian MM Ross – Independent Chair
Councillor Gordon Blair
Councillor Anne Horn
Councillor John McAlpine
Councillor Robert E Macintyre
Councillor Donald MacMillan
Councillor Sandy Taylor (Vice –Chair)
Vacancy

And 3 Community Planning Partnership nominees:

Grant Manders, Police Scotland
James Hymas, Fire and Rescue
Jennifer Nicoll, Highlands and Islands Enterprise

Jennifer Nicoll, recently appointed as Area Manager replaces Douglas Cowan as the CPP nominee.

4.2.3 *Regulatory Cohort and PPSL*

The members of the Regulatory Cohort also sit on the Planning, Protective Services and Licensing Committee and consequently a vacancy requires to be filled on both. Members of the Regulatory Cohort become eligible for selection to various Appeals Committees and Local Review Bodies.

The current membership of the Planning, Protective Services and Licensing Committee and Regulatory Cohort (15 Members) is as follows –

Councillor Gordon Blair
Councillor Rory Colville
Councillor Robin Currie
Councillor George Freeman
Councillor David Kinniburgh
Councillor Roddy McCuish
Councillor Alistair MacDougall
Councillor Neil MacIntyre
Councillor Robert G MacIntyre
Councillor Donnie MacMillan
Councillor Alex McNaughton
Councillor Jimmy McQueen
Councillor Sandy Taylor
Councillor Richard Trail
Vacancy

4.2.4 *Licensing Board*

Members of the Argyll and Bute Licensing Board are appointed from the Council's Regulatory Cohort. There are ten members appointed to the Argyll and Bute Licensing Board and currently there is 1 vacancy.

The current membership of the Argyll and Bute Licensing Board is as follows –

Councillor Gordon Blair
Councillor Rory Colville (Chair)
Councillor Robin Currie
Councillor Roddy McCuish
Councillor Alex McNaughton (Vice-Chair)
Councillor Donnie MacMillan
Councillor James McQueen
Councillor Sandy Taylor
Councillor Richard Trail
Vacancy

4.2.5 *Resignations*

The Provost has advised of his intention to step down as the Council representative on KIMO (Kommunenenes International Mlijorganisation) which was founded by local municipalities with a shared concern for the state of the environment. KIMO is designed to give municipalities a political voice at the international level, to share best practice and to find solutions to marine political problems that affect coastal communities. It currently has 80 members representing 150 communities across Europe, Russia, Norway and Sweden and lobbies national Governments, the European Commission and others to take effective actions on issues affecting Northern Seas.

It is proposed that this position is filled by Councillor Roddy McCuish as Depute Policy Lead for Economic Development, European Affairs, Renewables and Strategic Tourism and Council is requested to approve this nomination.

The Council is also advised that the Church of Scotland representative on the Community Services Committee, William Crossan, has recently tendered his resignation and we await nomination from the Presbytery on his replacement.

Billy Marshall, non-voting teacher representative on the Community Services Committee, will be retiring from his teaching post with the Council imminently and this will also require a new representative to be elected by teaching staff in due course.

4.2.6 *Recent Appointments*

At the Council Meeting of 21st April it was also agreed that the Leader of the SNP Council Group would be invited to fill the current vacancies on the Community Services Committee, The Harbour Board and the West of Scotland Archaeological Service and the Argyll Ferry Users Group. These appointments have been advised as follows:

Community Services Committee – Councillor Julie McKenzie
Harbour Board – Councillor John Armour
West of Scotland Archaeological Service – Councillor Isobel Strong
Argyll Ferry Users Group – Councillor John Armour

4.2.7 *Short Life Working Group - future local democratic and governance arrangements*

The Council, at its meeting on 21 April 2016, agreed to the establishment of a Short Life Working Group for the purpose of considering the future local democratic and governance arrangements of the Council, to consider also the detail in the proposed Performance and Scrutiny Review Handbook and how all of this will relate to future governance arrangements, and to bring forward a report to a future meeting of the Council in readiness for the new Council. The Council agreed that the membership of the SLWG to consist of 12 members on an 8 to 4 split between Administration and Opposition members. The Chair of the SLWG to be the Council Leader and Vice Chair the Depute Council Leader.

The following nominations have been received for the 4 opposition places:

Councillor Richard Trail
Councillor James Robb
Councillor Anne Horn
Councillor Sandy Taylor

The Leader and Deputy Leader have been appointed by Council and the 6 other members of the SLWG will be notified at the Council Meeting.

4.2.8 *Locality Planning Groups*

The Council has received a request for elected member nomination for membership of each of the Argyll and Bute Health and Social Care Partnership's newly established Locality Planning Groups from the Chief Officer for the Partnership. These groups are responsible for planning the delivery of local health and social care services, and are noted in the Groups' Terms of Reference to be the "engine room" in achieving the vision of the Partnership.

Groups have been established in each of the following localities and Council is asked to consider nominations of a member to each of the Groups:

- Helensburgh and Lomond;
- Dunoon;
- Bute;
- Oban;
- Mull and the Islands (includes Iona, Coll, Tiree and Colonsay) ;
- Mid Argyll;
- Kintyre; and
- Islay and Jura.

5.0 CONCLUSION

Council is invited to note the updated position with regard to political management arrangements including the Council composition and membership of committees, outside bodies and the SLWG on future local democratic and governance arrangements.

Council is invited to note the update on existing vacancies on Council Committees and take steps to remove the risk in terms of effective elected member engagement in decision making processes by making the required appointments.

Council is invited to approve the appointment of Councillor Roddy McCuish as the Council representative on KIMO.

Council is also requested to consider nomination of an elected member to each

6.0 IMPLICATIONS

6.1 Policy – Appointments to vacant positions will support focus on policy.

6.2 Financial – Travel and Subsistence costs of Members attending meetings.

6.3 Legal - None

6.4 HR - None

6.5 Equalities - None

6.6 Risk – On-going vacancies pose a risk to effective elected member engagement in decision making processes.

6.7 Customer Service - None

Douglas Hendry

Executive Director of Customer Services

13 June 2016

For further information contact: Charles Reppke, Head of Governance & Law 01546 604192

Appendices:

Appendix 1 – Argyll and Bute Council Political Composition

Argyll and Bute Council Political Composition
ARGYLL FIRST (2) Donald Kelly (Con) (Leader of Argyll First) Douglas Philand (Ind)
THE ARGYLL, LOMOND AND THE ISLANDS GROUP (11) Rory Colville (LD) Maurice Corry (Con) Robin Currie (LD) Mary Jean Devon Kieron Green (Ind) David Kinniburgh (Con) Roddy McCuish Aileen Morton (LD) Ellen Morton (LD) (Leader of the Argyll, Lomond and the Islands Group)(Depute Leader of the Council) Gary Mulvaney (Con) Elaine Robertson (Ind)
ALLIANCE OF INDEPENDENT COUNCILLORS (7) Alistair MacDougall (Ind) Robert G MacIntyre (Ind) Donnie MacMillan (Ind) Alex McNaughton (Ind) Jimmy McQueen (Ind) Len Scoullar (Ind) (Provost) Dick Walsh (Leader of Alliance of Independent Councillors)(Leader of the Council)
SCOTTISH NATIONAL PARTY GROUP (8) John Armour William Gordon Blair Anne Horn Julie McKenzie James Robb Isobel Strong Sandy Taylor (Leader of SNP Group) Richard Trail
REFORM GROUP (3) Michael Breslin (Leader of the Reform Group) Vivien Dance (Depute Leader of the Reform Group) Bruce Marshall (Secretary of the Reform Group)
George Freeman (Ind) Robert E Macintyre (Ind) Iain Stewart MacLean (Ind) John McAlpine (Ind) Neil McIntyre (LAB)

Note:

Ind = Independent

SNP = Scottish National Party

NPA = Not Politically Affiliated

LD = Liberal Democrat

Con = Conservative

LAB = Labour

ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30TH JUNE 2016**

**FIFTH STATUTORY REVIEW OF ELECTORAL ARRANGEMENTS – FINAL
RECOMMENDATIONS**

1.0 EXECUTIVE SUMMARY

This report advises members on the final recommendations by the Local Government Boundary Commission for Scotland (LGBC) on its Fifth Review of Electoral Arrangements as outlined in its report to Scottish Ministers. The LGBC report seeks Ministerial direction on the proposals contained within the report and in the event of these being given effect they will form the basis of the 2017 Scottish Local Government Elections.

Since Council last considered this matter in August 2015 the LGBC has maintained its recommendation on a reduction in the number of councillors by 3 and has revised a number of its proposals with regard to ward boundaries.

Council is invited to consider the final report and to agree a response to the recommendations.

Council has previously requested maintenance of the status quo in terms of councillor numbers and existing ward boundaries and a draft of a further letter to Scottish Ministers is attached for consideration and approval on agreement of the Council response.

ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

30TH JUNE 2016

**FIFTH STATUTORY REVIEW OF ELECTORAL ARRANGEMENTS – FINAL
RECOMMENDATIONS**

2.0 INTRODUCTION

2.1 This report advises members on the final recommendations by the Local Government Boundary Commission for Scotland (LGBC) on its Fifth Review of Electoral Arrangements as outlined in its report to Scottish Ministers. The LGBC report seeks Ministerial direction on the proposals contained within the report and in the event of these being given effect they will form the basis of the 2017 Scottish Local Government Elections.

Since Council last considered this matter in August 2015 the LGBC has maintained its recommendation for a reduction in the number of councillors by 3 and has revised a number of its proposals with regard to ward boundaries.

Council is invited to consider the final report and to agree a response to the recommendations.

Council has previously requested maintenance of the status quo in terms of councillor numbers and existing ward boundaries and a draft of a further letter to Scottish Ministers is attached for consideration and approval on agreement of the Council response.

3.0 RECOMMENDATIONS

3.1 Members are invited to:

- a) consider the final recommendations of the LGBC on the Fifth Statutory Review of Electoral Arrangements which has been reported to Scottish Ministers.
- b) agree any further response on the recommendations,
- c) approve the terms of a draft letter to Scottish Ministers requesting maintenance of the status quo in terms of councillor numbers and ward boundaries before finalization of any recommendations by the Scottish Parliament.

4.0 DETAIL

4.1 The LGBC started its Fifth Review of Electoral Arrangements on 21st February 2014. The first phase of this review looked at councillor numbers for each Scottish local authority and the public consultation for this stage ended on 21st August 2014. For Argyll and Bute, the LGBC proposed a reduction in councillor numbers from 36 to 33.

- 4.2 Following this first review phase, the LGBC embarked on phase 2 of the Fifth Electoral Review, looking at proposals for ward boundaries. This started with a two-month statutory consultation with all Scottish local authorities running from March to May 2015 and a second phase public consultation running from 30th July to 22nd October 2015.
- 4.3 Throughout the consultation phases the Council has consistently been clear in its objection and opposition to the changes proposed by the LGBC and at the Policy & Resources Committee on 20th August 2015 following the public consultation phase agreed the following:
- Agreed to maintain its objection in principle to the proposals that will reduce councillor numbers in Argyll and Bute by 3, notwithstanding the previous submission of a technical response.
 - Agreed to further reinforce the Council's position regarding the apparent disregard by the Local Government Boundary Commission to deprivation, rurality and Island issues as well as natural community links within the boundaries of Argyll and Bute.
 - Agrees to support community engagement activity to encourage a wide response to the Public Consultation.
 - Agreed that a letter be issued to all 16 MSPs who represent Argyll and Bute signed by the Leader, Depute Leader, and Leader of the main opposition group requesting that they support the Council's position and asking that, when the matter comes before Scottish ministers by way of an order before finalisation by the Scottish Parliament, the status quo is maintained for Argyll and Bute in terms of councillor numbers and ward boundaries.
- 4.4 In addition to a response to the LGBC a letter was sent to the 16 MSPS who represent Argyll and Bute outlining the Council's concerns and included a request for support for maintenance of the status quo in terms of councillor numbers and ward boundaries when the matter comes before Scottish Ministers by way of an order before finalization by the Scottish Parliament.
- 4.5 The level of public concern in relation to the public consultation phase proposals has been evidenced by the submission of 292 responses, including 4 petitions containing over 500 signatures.
- 4.6 It is acknowledged that in its final report to Scottish Ministers the LGBC has taken on board a number of concerns raised through the consultation process and has submitted a further revised set of proposals for ward boundaries however it has not revised its recommendation with regard to a reduction in the number of councillors representing the Argyll and Bute area by 3. The number of councillors is a key determinant in assessing options for ward design. **Appendix 1.**
- 4.7 The recommended ward boundaries split four polling districts but only three which impact on electors as there are no electors on Scarba, Lunga or the Garvallaachs (AA20). The LGBC have also made some

minor cartographic changes which don't impact on any electors. Details of these are attached at **Appendix 2**.

4.8 Concerns have been raised nationally in relation to the methodology used by the LGBC to determine councillor numbers and in particular COSLA has seriously questioned the use of deprivation as a factor in arriving at councillor numbers and takes the view that the LGBC has not proven a clear link. The COSLA Convention made a decision in October 2015 as follows :

- i) re-affirmed its view that any link between Councillor numbers and deprivation must be evidenced;
- (ii) agreed that COSLA continue to seek to influence the Local Government Boundary Commission;
- (iii) agreed that the change COSLA would ideally seek is a clear, comprehensive and evidence based review;
- (iv) agreed that if such a shift was not possible at this stage, the focus of effort should be shifted to working with Ministers to seek a satisfactory solution for those Councils who were unhappy with the process and that the Presidential team and Group Leaders be authorised to undertake those discussions on Convention's behalf;
- (v) noted that COSLA believed that Local Government boundaries should be determined by Local Government itself, within reasonable parameters, agreed with national government, to meet local needs and thus empower communities'

4.9 Throughout the consultation on ward boundaries the Council has expressed concern that it is not assured of the ability of the LGBC proposals to best serve communities in that they do not adequately address representation in the islands, or the rurality and sparsity issues faced by Argyll and Bute. In addition to concerns on the methodology used to arrive at councillor numbers key reasons for the Council's opposition to the changes in the ward boundary arrangements include:

- Concern at the impact on existing communities which will see a number of major changes to the current arrangements, which will lead to the break-up of existing community connections.
- Concern that the proposals will make it more difficult for communities to be represented due to the problems of travel on and off islands, the lack of regular public transport links across all or at least some of the new wards and the difficulty of attending community council meetings which are generally held in the evening when transport options are at their most limited. This will mean that candidates standing for election in 2017 will be disadvantaged if they aren't able to drive or easily stay away from home overnight because of family commitments.
- The very substantial distances to be travelled within a number of wards and this will be more challenging during the winter months

when adverse weather can make travel difficult and somewhat risky.

- Failure to recognise the complexity of representing rural and island communities and the additional burden this places on elected representatives

4.10 Despite the incorporation of significant changes into the final recommendation which seeks to address these issues there remains an underlying belief that the methodology on which these are founded is flawed. Additionally there continues to be a concern that they do not fully address the rurality and sparsity issues which are largely unique to Argyll and Bute and which present significant challenges in underpinning effective representation, particularly at a time of significant change in the delivery of local government.

4.11 Council has previously requested maintenance of the status quo in terms of councillor numbers and existing ward boundaries and a draft of a further letter to Scottish Ministers is attached for consideration should Members agree to this approach. **Appendix 3.**

5.0 CONCLUSION

5.1 Council is invited to consider the final recommendations of the LGBC on the Fifth Statutory Review of Electoral Arrangements which has been reported to Scottish Ministers.

The LGBC report seeks Ministerial direction on the proposals contained within the report and in the event of these being given effect they will form the basis of the 2017 Scottish Local Government Elections.

Council is also asked to consider whether they wish the council to make any further response to Scottish Ministers on the proposals including a draft letter to Scottish Ministers requesting support for maintenance of the status quo in terms of councillor numbers and ward boundaries before finalization of any recommendations by the Scottish Parliament.

6.0 IMPLICATIONS

6.1 Policy: The Council will have concerns about the impact of the boundary review particularly where it has not been able to retain existing community ties and/or significantly changes existing boundaries.

6.2 Financial: None

6.3 Legal: None

6.4 HR: None

6.5 Equalities: Proposal requires to have regard to equality of access of representation.

6.6 Risk: None

6.7 Customer Service: Members of the public have been provided with information through the council's normal channels.

Douglas Hendry
Executive Director of Customer Services
13th June 2016

For further information contact: Charles Reppke, Head of Governance and Law,
Kilmory (telephone: 01546 604192)

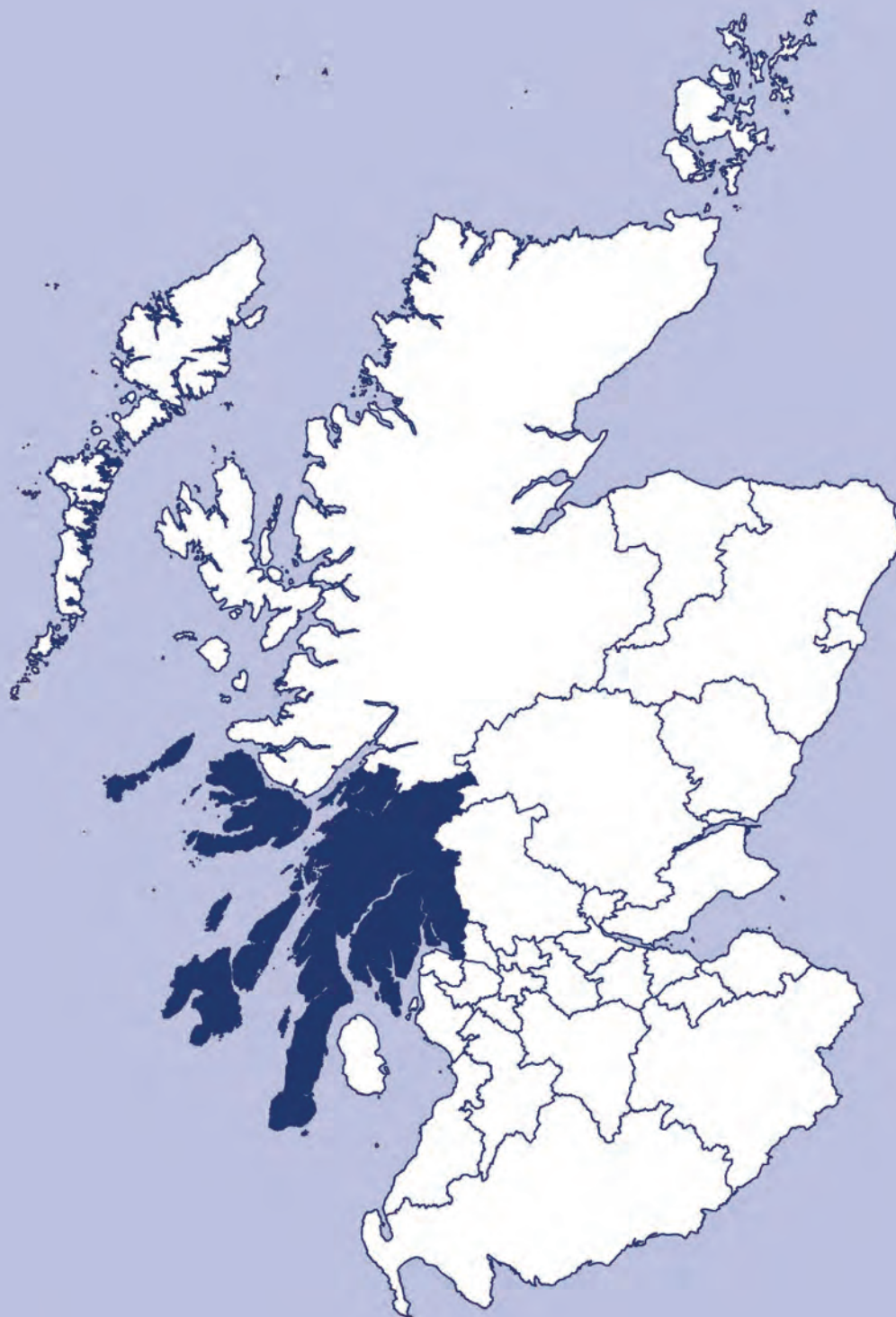
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Appendix 1 - LGBC Report to Scottish Ministers

Appendix 2 - Polling Scheme

Appendix 3 – Draft letter to Scottish Ministers

Fifth Statutory Review of Electoral Arrangements Final Recommendations



Argyll and Bute Council Area

Report to Scottish Ministers

Local Government Boundary Commission for Scotland

Fifth Statutory Review of Electoral Arrangements Final Recommendations Argyll and Bute Council Area

Membership of the Commission

Chair:	Ronnie Hinds
Deputy Chair:	William Magee OBE
Commissioners:	Roland Bean
	Professor Ailsa Henderson
	Dr Susan Walker OBE

Report Number E16004

May 2016


Local Government Boundary Commission for Scotland

Scottish Ministers

We, the Local Government Boundary Commission for Scotland, present our recommendations for Argyll and Bute Council area resulting from our Fifth Statutory Review of Electoral Arrangements.

In accordance with the provisions of section 18(3) of the Local Government (Scotland) Act 1973, copies of our report, together with illustrative maps, are being sent to Argyll and Bute Council with a request that the report and maps should be made available for public inspection at its offices.

Notice is also being given in newspapers circulating in the council area of the fact that the report has been made so that interested persons may inspect the report and maps at the council's offices. The report is also available on our website and is being publicised on social media.



Ronnie Hinds
Chair



Isabel Drummond-Murray
Secretary

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Thistle House
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May 2016

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Part 1 Background

Argyll and Bute Council area

1. Argyll and Bute Council area is located on the west coast of Scotland encompassing both a large section of the Scottish mainland as well as a number of inhabited islands. It is bordered by Highland, Stirling and West Dunbartonshire Council areas. Argyll and Bute Council area covers 7,164 square kilometres making it the second largest council area by size in Scotland. The council's headquarters are based in Lochgilphead.
2. Just over half of the population (52.3%) of Argyll and Bute Council area live outwith settlements of 3,000 or more people. It is therefore one of Scotland's most rural council areas.
3. Based on the Scottish Index of Multiple Deprivation (SIMD) 2012, the percentage of Argyll and Bute Council area's population in Scotland's 15% most-deprived datazones is 7%. Argyll and Bute Council area contains 10 datazones within the 15% most-deprived datazones in Scotland; these are located in Campbeltown, Dunoon, Helensburgh, Oban and Rothesay. This is a below-average level of deprivation compared to other council areas in Scotland.
4. The National Records of Scotland's (NRS) 2010 population projection (published in 2012) states that Argyll and Bute Council area's population is projected to decrease from 85,947 in 2014 to 83,915 by 2019.
5. At the beginning of the review Argyll and Bute Council area's electorate was 67,846 (at September 2013). The number of dwellings in the area was 47,105 (based on NRS 2012 data).
6. The existing electoral arrangements consist of 36 councillors representing 3 4-member wards and 8 3-member wards (see Appendix A: Existing and Recommended Wards).

Local Government Boundary Commission for Scotland

7. The Local Government Boundary Commission for Scotland was established under the Local Government (Scotland) Act 1973 as an independent body with responsibility for keeping under review local government arrangements in Scotland.
8. We are required to conduct electoral reviews of each council area at intervals of 8 to 12 years, as specified in Section 16 of the Local Government (Scotland) Act 1973. We last completed such reviews in 2006. Those reviews introduced multi-member wards but councillor numbers were not amended. Our Third Review, concluded in 1997, was the last time councillor numbers throughout Scotland were amended.

Legislative requirements

9. The legislation which sets out the rules for electoral reviews is Part II of the Local Government (Scotland) Act 1973. When making our recommendations, we must consider the criteria set out in Section 13 and Schedule 6 of that Act.
10. Section 13 sets out that we should conduct our reviews with an overall aim of acting in the interests of effective and convenient local government. Schedule 6 sets out more specific requirements.
11. The full text of Schedule 6 is in Appendix B, and its requirements are:
 - the number of electors per councillor in each ward shall be, as nearly as may be, the same;
 - subject to this, we shall have regard to:
 - local ties that would be broken by fixing a particular boundary; and
 - the desirability of fixing boundaries that are easily identifiable with the first of these taking precedence over the second;
 - we may depart from the strict application of electoral parity to reflect special geographical considerations.
12. Each ward must elect 3 or 4 councillors.
13. When recommending ward boundaries, we take into account the likely change in the number of electors in a council area within the 5 years immediately following our consideration.
14. There were no Ministerial directions in place when we conducted our reviews, but Scottish Ministers informed us at the start of the reviews that they would find it difficult to justify an increase in councillor numbers at that time. Our recommendations maintain overall councillor numbers in Scotland at a similar level as at present.

Fifth Reviews of Electoral Arrangements

15. This review is one of 32 being conducted across Scotland to make recommendations for the number of councillors on each council, the number of councillors in each ward, the boundaries of each ward and the recommended ward name.
16. Overall the recommendations provide for 1,219 councillors in 351 wards: a decrease of 4 councillors and 2 wards relative to existing arrangements.
17. Across Scotland as a whole, 94% of electors will be in wards where variation from parity is within 10% of the average for their council area, compared to less than 84% of electors under existing arrangements.
18. Across Scotland, the variation from parity between councillors will reduce from 6% currently to 5%. This means that representation of the electorate within council areas will be more evenly shared between councillors.

Issues considered

Effective and convenient local government

19. There is no statutory definition of effective and convenient local government. It is, however, the fundamental consideration for recommendations arising from any of our reviews.

20. Our approach recognised that effective and convenient local government has to balance effectiveness and convenience for a council, councillors and residents.

For example:

- councils need to manage and deliver diverse services across their council areas;
- councillors need to be able to carry out their functions including representing the residents in their areas; and
- residents seek effectiveness and convenience when they use local services and participate in local democracy.

Determining councillor numbers in council areas

21. Our previous methodology for determining councillor numbers was based on population. Given the diversity found across the council areas in Scotland we categorised each council into one of 7 categories, and applied the same ratio of electors per councillor to all councils in a single category. This means we had different ratios of electors to councillors in, for example, Glasgow City and Na h-Eileanan an Iar.

22. Prior to the formal commencement of the Fifth Reviews of electoral arrangements, we conducted a public consultation in 2011 on how to determine councillor numbers for the Fifth Reviews. We consulted with the public, councils, MSPs, COSLA, political parties and other interested stakeholders. The responses to that consultation suggested that we should continue to take a consistent, objective and transparent approach to setting councillor numbers.

23. The responses generally indicated:

- no widespread support for a significant increase or decrease in councillor numbers;
- support for the continued categorisation of councils so that a common ratio of electors to councillors applies to all councils with broadly similar characteristics;
- support for a reduction in the number of categories from the 7 used previously;
- suggestions of various factors, including deprivation and rurality, to be used in a transparent methodology for categorising councils which share common characteristics; and
- support for minimum and maximum councillor numbers in a council area.

24. The methodology we adopted for the Fifth Reviews:

- used measures of population size as the key determinant of councillor numbers;

- used a categorisation which relied on population distribution and a composite measure capturing the socio-economic conditions in the council area;
- employed measures aligned with common indicators used by the Scottish Government;
- led to the creation of 5 categories of council area;
- introduced a more equal range of elector to councillor ratios from 800 to 3,800. Most councils range between 2,800 to 3,800 electors per councillor;
- maintained the minimum number of 18 councillors per council area and raised the maximum to 85; and
- set a cap on change of councillor numbers in any council area of 10%. This was designed to minimise disruption for a council's governance.

25. Overall, population size remained the key factor in determining councillor numbers. We considered that population dispersal is an important factor in determining councillor numbers but we also considered that socio-economic characteristics, and in particular the composite measure gathered by SIMD data, provide a reasonable indicator for a range of factors that impact on the work of councils and councillors.

26. We used settlements and population data from NRS and SIMD data for Argyll and Bute Council area. SIMD is determined independently by government statisticians in conjunction with the ScotStat Measuring Deprivation Advisory Group. SIMD combines weighted scores based on seven different dimensions of deprivation: employment, income, geographic access, crime, housing, health and education. We have used the 2012 SIMD dataset, the most recent available at the time we commenced work on categorisation. These datasets are calculated and published every 3 years by the Scottish Government.

27. For these reviews we maintained the minimum number of councillors at 18, as we considered this to be the minimum number of councillors to allow a council to operate effectively. However, we have extended the upper limit of councillors from 80 to 85 to increase the flexibility available to us and enable the ratios of electors to councillors to be more equal across Scotland in respect of the Fifth Reviews.

28. We were aware that a large change in councillor numbers in a council area could be disruptive to a council's governance, so we incorporated a 10% limit on change. This means that, as a rule, we have not proposed, as a result of our methodology for determining councillor numbers, to increase or decrease the total number of councillors in a council area by more than 10%.

29. We used cluster analysis to support our development of categories and placed each council area into 1 of 5 categories. We agreed on 5 categories to reflect Scotland's diverse demography, including levels of population dispersal and deprivation within council areas. The ratio of electors to councillors for each category, and the council areas we have placed in each, is shown in Table 1 below.

Table 1: Ratio of electors to councillors

Category	Criteria used to classify councils	Ratio	Council area
1	Less than 30% of the population living outwith settlements of 3,000 or more people AND 30% or more of the population living in the 15% most deprived datazones	2,800	Glasgow City Inverclyde
2	Less than 30% of the population living outwith settlements of 3,000 or more people AND 15% or more and less than 30% of the population living in the 15% most deprived datazones	3,000	Clackmannanshire Dundee City East Ayrshire North Ayrshire North Lanarkshire Renfrewshire West Dunbartonshire
3	Less than 30% of the population living outwith settlements of 3,000 or more people AND less than 15% of the population living in the 15% most deprived datazones	3,800	Aberdeen City Angus City of Edinburgh East Dunbartonshire East Lothian East Renfrewshire Falkirk Fife Midlothian South Ayrshire South Lanarkshire West Lothian
4	Between 30% and 59% of the population living outwith settlements of 3,000 or more people AND less than 15% of the population living in the 15% most deprived datazones	2,800	Aberdeenshire Argyll and Bute Dumfries and Galloway Highland Moray Perth and Kinross Scottish Borders Stirling
5	60% or more of the population living outwith settlements of 3,000 or more people AND less than 15% of the population living in the 15% most deprived datazones	800	Na h-Eileanan an Iar Orkney Islands Shetland Islands

30. The overall effect of our methodology is to retain core existing elements of the previous methodology but also introduce changes that would make the ratios of electors to councillors more equal across Scotland. The methodology also now draws on factors frequently used by the Scottish Government (such as the current measures for population distribution and the use of SIMD data that are used as policy tools) to categorise the council areas. This had the added benefit of not measuring the same factor twice, as was the case when using both population density and population distribution.

31. Our methodology placed Argyll and Bute Council area within category 4 (see Appendix C: Categorising Councils Matrix), as one of the most rural council

areas with below average deprivation, with a ratio of electors per councillor of 2,800.

Electorate data

32. At the start of the review, we obtained the electoral register as at 1 September 2013 from the Electoral Registration Officer for Argyll and Bute Council area. This dataset included postcodes, which allowed us to calculate the electorate for each postcode in the area under consideration, and hence for each proposed ward.
33. We used September 2013 electorate data because that was the most-recent dataset available when we began work on the review. We used the local government electorate, that is those on the electoral register who are aged 18 and over and registered to vote in local government elections. The local government electorate at September 2013 was 67,846 in Argyll and Bute Council area.
34. In line with the rules governing reviews, when considering electoral parity we had regard to the likely change in the number and distribution of the local government electorate over a 5-year period immediately following our consideration of the electoral arrangements.
35. To assist us we asked Argyll and Bute Council to provide us with forecasts of new house building, residential property demolitions and institutional development (such as students' halls of residence) that are likely to be occupied within the next 5 years. Argyll and Bute Council provided us with data based on its 2013 Housing Land Audit, which documented expected new residential and institutional development, as well as demolition within its area, over the 5-year period.
36. From these datasets, combined with data on the average number of electors per dwelling in the area, we calculated a forecast electorate. We also used population projections from NRS. Using these, we scaled the forecast electorate to reflect the projected population change 5 years hence.
37. Fluctuations in population not incorporated into our forecasts will be taken into consideration in subsequent electoral reviews. The next electoral reviews are our interim reviews scheduled for 2021.

Ward design

38. The Local Governance (Scotland) Act 2004 specifies that each ward will return either 3 or 4 councillors. The choice of the number of councillors for each ward has been determined by the overall pattern of wards we considered to be appropriate for the area to deliver effective and convenient local government and to achieve good electoral parity.

Electoral parity

39. One of the principal aims of a review is to make recommendations that provide for a good level of electoral parity. Electoral parity means having the same number of electors per councillor in all wards in a council area.
40. Subject to effective and convenient local government, the legislation gives priority to electoral parity over other factors in ward design, except where special geographical circumstances apply.
41. We worked out the theoretical number of electors each councillor should represent by dividing the total number of electors in the council area in September 2013 by the proposed number of councillors. This produced a ratio of electors per councillor for each council area. The ratio allowed us to apply the requirement in the legislation that the number of electors per councillor is 'as nearly as may be' the same. A 3-member ward and 4-member ward would have 3 and 4 times this number of electors respectively.
42. Once we had calculated the number of electors per councillor, we measured how far the electorate in each ward deviated from that number. When formulating our recommendations, we sought to achieve ratios that were acceptable in every ward. We aimed to recommend wards that had a forecast electorate within a maximum 10% variation from parity, as suggested by the Venice Commission's 'Code of Good Practice in Electoral Matters'. We did not apply this measure as a strict numerical limit but instead this appeared to us to provide a reasonable degree of flexibility in most circumstances. In designing wards, we considered local circumstances as permitted by the legislation.

Local ties

43. When designing wards, we aimed to avoid breaking local ties, as far as permitted by the legislation.
44. Local ties can be defined by the location of public facilities such as doctors' surgeries, hospitals, libraries or schools. An area's history and tradition may be the basis of local ties. However, communities are constantly evolving and historical considerations may not have such importance in areas which have been subject to recent development or population dispersal. Major roads could be seen to be the focus of an area if they are the location of shops or community facilities which people visit regularly. Alternatively, major roads, rivers or railway lines could be seen as physical barriers between different communities.
45. In some areas, we have combined two or more distinct and separate communities within a single ward.
46. We also had regard to other recognised boundaries which may reflect local communities or local ties in designing ward boundaries. These boundaries could include those of community council areas, polling districts and primary school catchment areas.

Easily-identifiable boundaries

47. The legislation requires us to take into account the desirability of fixing boundaries that are and will remain easily-identifiable, but electoral parity and local ties take precedence.
48. In some areas, a case can be made to define ward boundaries along roads since they are likely to remain clearly identifiable, and are unlikely to be straddled by new dwellings. As an alternative, drawing a boundary along the rear fences between houses will result in neighbours across a street being in the same ward which may appropriately reflect local ties.
49. In some areas, natural features such as watercourses and edges of woodland may be appropriate. In upland areas, a watershed may be an appropriate ward boundary feature, particularly along narrow, well-defined ridges.
50. Ward boundaries have also been standardised where appropriate to follow road centrelines and river/waterway centrelines in order to create more easily-identifiable ward boundaries.

Special geographical considerations

51. We can depart from strict adherence to electoral parity for a ward where there are special geographical considerations that make it desirable to do so. These considerations can apply to socio-economic factors as well as to physical geography. Such considerations could include any areas where transport and communication links are slow, infrequent or subject to interference by the weather and seasons. Examples would be islands, sparsely populated areas and remote areas.

Other factors

52. It is important to note that our reviews are concerned only with electoral matters. Issues such as addresses, postcodes, community council boundaries and school catchment areas are all decided by other bodies and do not change as a direct consequence of ward boundary changes.

Consultation

53. Our approach to conducting the Fifth Reviews was one of engagement and openness. We publicised the reviews widely, and asked that councils do the same. Legislation governing the conduct of reviews is at Appendix D. At the start of the reviews we met all 32 councils individually to discuss our proposals for councillor numbers.
54. The legislation requires us to consult with councils for a 2-month period and to take into consideration their views prior to consulting publicly on proposals. We conducted a two-stage consultation, firstly for councillor numbers, and secondly for our ward proposals.

55. When publicising the consultations we issued news releases, placed public notices in the local press and supplied materials for councils to make available at council-nominated display points. We also used Facebook, Twitter and our website for publicity and asked councils to publicise the reviews on their websites.
56. The local press used in Argyll and Bute Council area were the 'Oban Times', the 'Campbeltown Courier', the 'Argyllshire Advertiser', the 'Dunoon Observer', 'The Buteman' and the 'Helensburgh Advertiser'.
57. The display points agreed with Argyll and Bute Council were located in: Argyll and Bute Council headquarters, Kilmory Castle, Lochgilphead; Rothesay Service Point, Eaglesham House, Rothesay; Lochgilphead Service Point, Dalriada House, Lochgilphead; Campbeltown Servicepoint, Burnet Building, Campbeltown; Oban Service Point, Municipal Building, Oban; Dunoon Service Point, 22 Hill Street, Dunoon; Islay Service Point, Jamieson Street, Bowmore; Mull Service Point, Breadalbane Street, Tobermory; Tiree Service Point, the Business Centre, Crossapol; and Helensburgh Service Point, Scotcourt House, Helensburgh.
58. We also wrote to a wide range of interested parties including MSPs, MPs, political parties, community councils, COSLA and other representative bodies to inform them of the consultations.
59. Our public consultation portal allowed users to view maps and background information and to submit responses, including alternative suggestions during the public consultation phases of the reviews.
60. All responses to the consultations were fully considered by us and the papers and minutes recording our deliberations and decisions are published on our website: www.lgbc-scotland.gov.uk.

Part 2 Conducting the Review

Councillor numbers

61. Our methodology placed Argyll and Bute Council area within category 4, as one of the most rural council areas with below-average deprivation, with a ratio of electors per councillor of 2,800. Using the ratio of 2,800 resulted in councillor numbers of 24 for Argyll and Bute Council area. As there were 36 councillors in Argyll and Bute Council area under existing arrangements we applied a 10% cap on change, as set out in our methodology, and so initially proposed 33 councillors for Argyll and Bute Council area, 3 fewer than at present.

Consultation with Argyll and Bute Council

62. We wrote to Argyll and Bute Council on 21 February 2014 announcing the start of the Fifth Reviews, providing background information and setting out our proposals for councillor numbers. The letter set out that we were consulting with the council on these proposals for a period of 2 months ending on 23 April 2014.

63. On 18 March 2014, we met the council to explain the review process, the methodology for the determination of councillor numbers and the proposed number of councillors for Argyll and Bute Council area.

64. In its response to the consultation on councillor numbers, Argyll and Bute Council stressed the special geographical considerations that should apply and the difficulty in servicing island communities and dispersed or remote communities. The council highlighted the travel required by councillors in fulfilling their duties and the public expectations of local representation. It pointed out the deprivation in the council area, and noted the number of community councils in the council area and the number of community councils in each ward. The council considered that island communities are not treated equally or consistently across Scotland.

65. We considered the council's response at our meeting of 1 May 2014 (see LGBCS Paper 2217/14 and minute of meeting M355). We decided to consult with the public on the same proposals for councillor numbers.

Consultation with the public

66. We consulted with the public on our proposals for councillor numbers between 29 May and 21 August 2014.

67. There were 3 responses to the public consultation for Argyll and Bute Council area, 1 of which supported a reduction in councillor numbers, while 2 opposed a reduction in councillor numbers.

68. We received 2 responses for all council areas in Scotland and these are available on our website.

69. We considered the views expressed by respondents to the public consultation in Argyll and Bute Council area. We also considered the views expressed by other councils, COSLA and other interested parties across Scotland concerning our proposed methodology. Argyll and Bute Council did not give us a further response.

70. Our response to the consultation on councillor numbers is summarised in our statement on councillor numbers published in October 2014 (available on our website), which:

- explained our methodology;
- set out our view that the previously-used categorisation based on population distribution and population density was an incomplete model of the demands on councillors;
- noted a lack of evidence supporting the sole use of population distribution and population density to determine the ratio of councillors to electors; and
- stated our case that using deprivation and population distribution appears to remain a reasonable model for us to adopt in discharging our statutory responsibility to make recommendations in the interests of effective and convenient local government.

71. For these reasons we were content to confirm our use of the methodology at our meeting of 10 September 2014 (see LGBCS Paper 2228/14 and minute of meeting M358).

Ward design

72. We discussed our ward proposals for Argyll and Bute Council area at our meetings of 25 November 2014 and 18 December 2014 (see LGBCS Paper 2262/14 and minutes of meetings M361 and M362) and decided on our proposals at our meetings of 3 February 2015 and 3 March 2015 (see LGBCS Paper 2276/15 and minutes of meetings M364 and M365).

73. Our proposals for Argyll and Bute Council area presented an electoral arrangement for 33 councillors representing 7 3-member wards and 3 4-member wards, reducing the number of wards in the area by 1 and councillor numbers by 3. Our proposals:

- improved overall forecast parity;
- addressed forecast disparities in ward 8 (Isle of Bute);
- decreased councillor numbers by one in Lorn, Cowal and Lomond;
- made changes to ward boundaries in Kintyre, Argyll, Cowal and Lomond;
- made no changes to ward 4 (Oban South and the Isles);
- renamed Isle of Bute ward to Bute but made no changes to other ward names; and
- placed the Loch Lomond and Trossachs National Park area that overlies the council area within a single ward.

Consultation with Argyll and Bute Council

74. We consulted Argyll and Bute Council on our ward proposals between 19 March and 19 May 2015.

75. The council responded to the consultation on 27 May 2015 setting out that it considered that the proposals did not adequately address representation in the islands, or the rurality and sparsity issues faced by Argyll and Bute. The reasons for its opposition to the proposed ward boundaries were given as: its concern at the impact on existing communities of the proposals; its concern that it would be more difficult for communities to be represented due to the problems of travel on and off the islands, lack of public transport access and difficulty in attending community council meetings; the substantial distances to be travelled within a number of wards; and that the proposals would increase the challenge of representing communities and making sure that each has a parity of access to councillors.

76. We reviewed our ward proposals for Argyll and Bute Council area at our meeting of 7 July 2015 (see LGBCS Paper 2321/15 and minute of meeting M368). We noted that Argyll and Bute Council remained opposed in principle to our proposed ward structure, and that the council had made a technical submission, which reflected the proposed number of councillors, 33, with some changes to proposed boundaries. We accepted the council's view that these would be more administratively convenient, and noted that the council's submission would have been informed by local knowledge, and would be unlikely to be detrimental to community ties, and that the changes were acceptable in terms of electoral parity.

77. We agreed to accept the council's suggestions, with the exception of part of the council's suggested boundary between the proposed ward 3 (mid-Argyll) and the proposed ward 8 (Lomond North). We agreed that this boundary should follow our proposed boundary north of the point where it meets Cairndow community council area boundary, at the Allt Beinn an Lochain watercourse, to the west of the Rest and Be Thankful. This amendment to the council's suggestion allowed all of Loch Lomond and the Trossachs National Park to lie within a single ward.

Consultation with the public

78. We wrote to Argyll and Bute Council to inform it that the consultation with the public on proposals for wards would begin on 30 July and run until 22 October 2015. The council was invited to submit a further response during the public consultation.

79. On 30 July 2015 we announced a 12-week period of consultation with the public on our ward proposals for Argyll and Bute Council area which:

- adopted suggestions from Argyll and Bute Council to improve polling district boundary alignment and provide a more administratively convenient set of arrangements;
- improved overall forecast parity;
- addressed forecast disparities in ward 8 (Isle of Bute);
- decreased councillor numbers in Lorn, Cowal and Lomond;
- made changes to ward boundaries in Kintyre, Argyll, Cowal and Lomond;

- made no changes to ward 4 (Oban South and the Isles);
- renamed Isle of Bute ward to Bute but made no changes to other ward names; and
- placed the Loch Lomond and Trossachs National Park area that overlies the council area within a single ward.

80. On 22 October 2015 the consultation period with the public ended. In total, 292 responses, including 4 petitions containing over 500 signatures, relating to Argyll and Bute Council area were received during the public consultation, which can be found on our website. The main themes to emerge were:

- the existing electoral arrangements should be preserved;
- the existing ward boundary between Cowal and Lomond North should be preserved;
- the division of Cowal between wards largely containing areas outwith the peninsula should be avoided;
- Bute should remain a ward in its own right;
- communities north of Loch Melfort and those along the A85 corridor have links with Oban, not Lochgilphead; and
- 'Cowal' should be kept in a ward name.

81. During the public consultation, Argyll and Bute Council informed us that it remained opposed to the proposals for the council area. It considered that they did not adequately address natural community links, representation on the islands or the rurality or sparsity issues faced by the council, but maintained that our earlier proposals were worse. The council considered that special geographical considerations warranted greater flexibility in terms of numbers of electors per councillor. It pointed out the problems of travel on and off the islands, the lack of regular transport links across many wards and the difficulty of attending evening meetings. The council considered it important that parity of access to councillors is achieved but that the proposals did not provide that. It suggested that existing arrangements be preserved.

82. We received 3 responses for all council areas in Scotland.

Development of our final recommendations

83. On 8 December 2015 (see LGBCS Paper 2360/15 and minute of meeting M372) we considered all responses received during the public consultation, including from Argyll and Bute Council.

84. We discussed further options for Argyll and Bute Council area at our meetings of 8 December 2015 and 12 January 2016 (see LGBCS Papers 2360/15 and 2383/16 and minutes of meetings M372 and M373).

85. We considered 6 suggestions for wards and 3 options for electoral arrangements in Argyll and Bute Council area. We noted the level of opposition to the proposals within the council area, in particular the opposition to the division of Cowal and the proposed changes to the boundary between ward 3 (Mid-Argyll)

and ward 5 (Oban North and Lorn). We noted that many respondents considered that these changes would break local ties and have an adverse impact on local service delivery and access to local councillors due to transport difficulties. We noted that many respondents considered the Rest and Be Thankful to be an important barrier between parts of the council area.

86. We considered suggestion 2, by the Scottish National Party's Lomond North branch, which largely retained the existing Lomond North ward and created a Bute and Cowal ward. We noted that this suggestion may have addressed many of the concerns raised by the respondents to the consultation regarding transportation and local ties, whilst retaining the number of councillors suggested by our methodology for determining councillor numbers and ensuring an acceptable level of electoral parity. We noted that this suggestion would retain the name 'Cowal' in a ward. We noted, however, that this suggestion did not address the concerns expressed by respondents in areas which would be affected by the proposed change in the boundary of ward 3 (Mid-Argyll) and ward 5 (Oban North and Lorn). We asked our Secretariat to prepare an option which would incorporate the changes in suggestion 2 and address the concerns of respondents to the consultation in regard to the area affected by the proposed changes between ward 3 and ward 5.
87. We considered that suggestion 5, which placed the uninhabited islands of Scarba, Lunga and the Garvellachs in the same ward as nearby residents on the mainland, would assist effective and convenient local government without adversely affecting electoral parity or breaking local ties.
88. We considered Option 3, which placed Cowal and Bute together in a 4-member ward, and made changes to proposed wards 2 (Kintyre and the Islands), 3 (Mid-Argyll) and 5 (Oban North and Lorn), to have the advantages that it avoided combining part of Cowal with Lomond in a ward, avoided the division of Cowal between wards, and Cowal appeared in a ward name. We noted that while the option contained a ward that included both Bute and Cowal, the proportion of electors for each area was more evenly matched than in our earlier proposals. Option 3 offered an electoral arrangement for 33 councillors as proposed by our methodology, and enabled Dalmally, Orchy and the A85 corridor to remain in a ward with Oban. We also noted that all wards remained within 10% of electoral parity.
89. We decided to make changes to our proposed boundaries:
- between ward 2 (Kintyre and the Islands) and ward 3 (Mid-Argyll) to keep the Crinan Canal within a single ward and to place Scarba, Lunga and the Garvellachs in ward 3;
 - between ward 3 (Mid-Argyll) and ward 5 (Oban North and Lorn) to reinstate Dalmally and Orchy in a ward with Oban;
 - between ward 3 (Mid-Argyll) and ward 8 (Lomond North) to reinstate the existing boundary between ward 3 (Mid-Argyll) and ward 6 (Cowal) to reflect local ties near the head of Loch Fyne;

- between ward 7 (Bute) and ward 8 (Lomond North) to acknowledge the physical barrier presented by the Rest and Be Thankful (A83) and to avoid the division of local ties in Cowal; and
- between ward 8 (Lomond North) and ward 9 (Helensburgh Central) and between ward 9 (Helensburgh Central) and ward 10 (Helensburgh and Lomond South), to avoid Cowal and Lomond being in the same ward.

90. We also decided to name ward 7 'Bute and Cowal'.

91. We considered that the information we had available was sufficient to reach a decision for Argyll and Bute Council area that would provide for effective and convenient local government and that there was not a need for further consultation or a local inquiry.

92. On 19 April 2016 (see LGBCS Paper 2395/16 and minute of meeting M377) we confirmed our Final Recommendations for Argyll and Bute Council area as set out in Part 3.

93. All papers and minutes of meetings relating to our consideration of Argyll and Bute Council area are available on our website: www.lgbc-scotland.gov.uk.

94. The timetable for the Fifth Reviews of electoral arrangements is set out at Appendix E. An index of our meetings, papers and minutes concerning Argyll and Bute Council area is at Appendix F.

Part 3 Final Recommendation for Argyll and Bute Council area

95. We recommend that in the interests of effective and convenient local government the future electoral arrangements for Argyll and Bute Council area should provide for a council of 33 councillors in 10 wards, comprising 3 wards each returning 4 members and 7 wards each returning 3 members as follows:

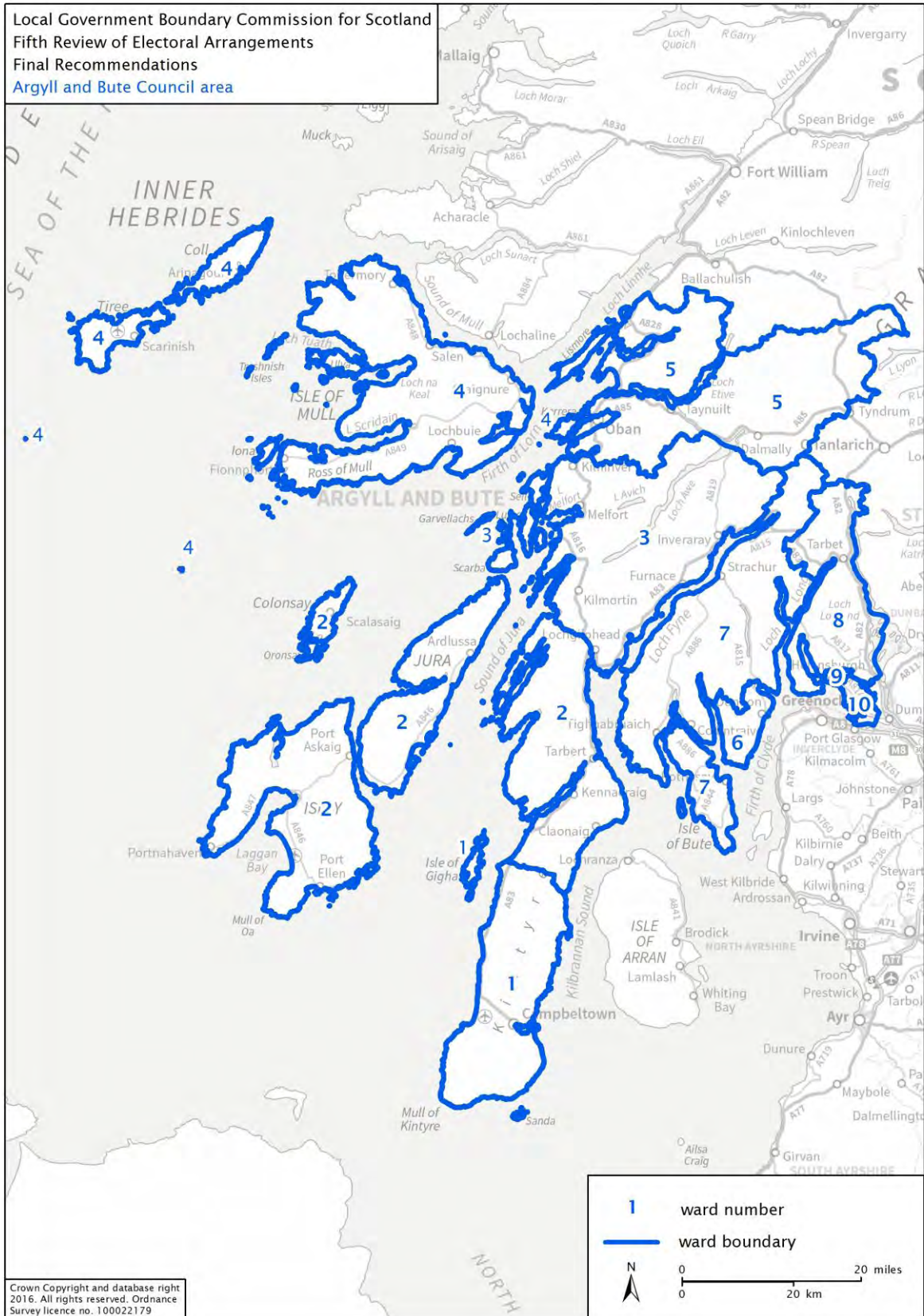
Ward no.	Ward name	Councillors	Electorate Sept 13	Actual variation from parity	Forecast electorate	Forecast variation from parity
1	South Kintyre	3	6,075	-2%	5,914	-2%
2	Kintyre and the Islands	3	6,207	1%	6,129	1%
3	Mid-Argyll	3	5,549	-10%	5,544	-8%
4	Oban South and the Isles	4	7,923	-4%	7,737	-4%
5	Oban North and Lorn	3	6,310	2%	6,363	5%
6	Dunoon	4	8,560	4%	8,215	2%
7	Bute and Cowal	4	8,195	0%	7,845	-3%
8	Lomond North	3	6,209	1%	6,000	-1%
9	Helensburgh Central	3	6,573	7%	6,300	4%
10	Helensburgh and Lomond South	3	6,245	1%	6,539	8%
	Totals	33	67,846	3%	66,586	4%

96. A digitised description of the ward boundaries in the form of GIS shapefiles has been securely stored on magnetic media at the date of publication of our report.

97. Our report has also been deposited for public inspection at offices designated by the council and a news release announcing the publication of our report has also been issued.

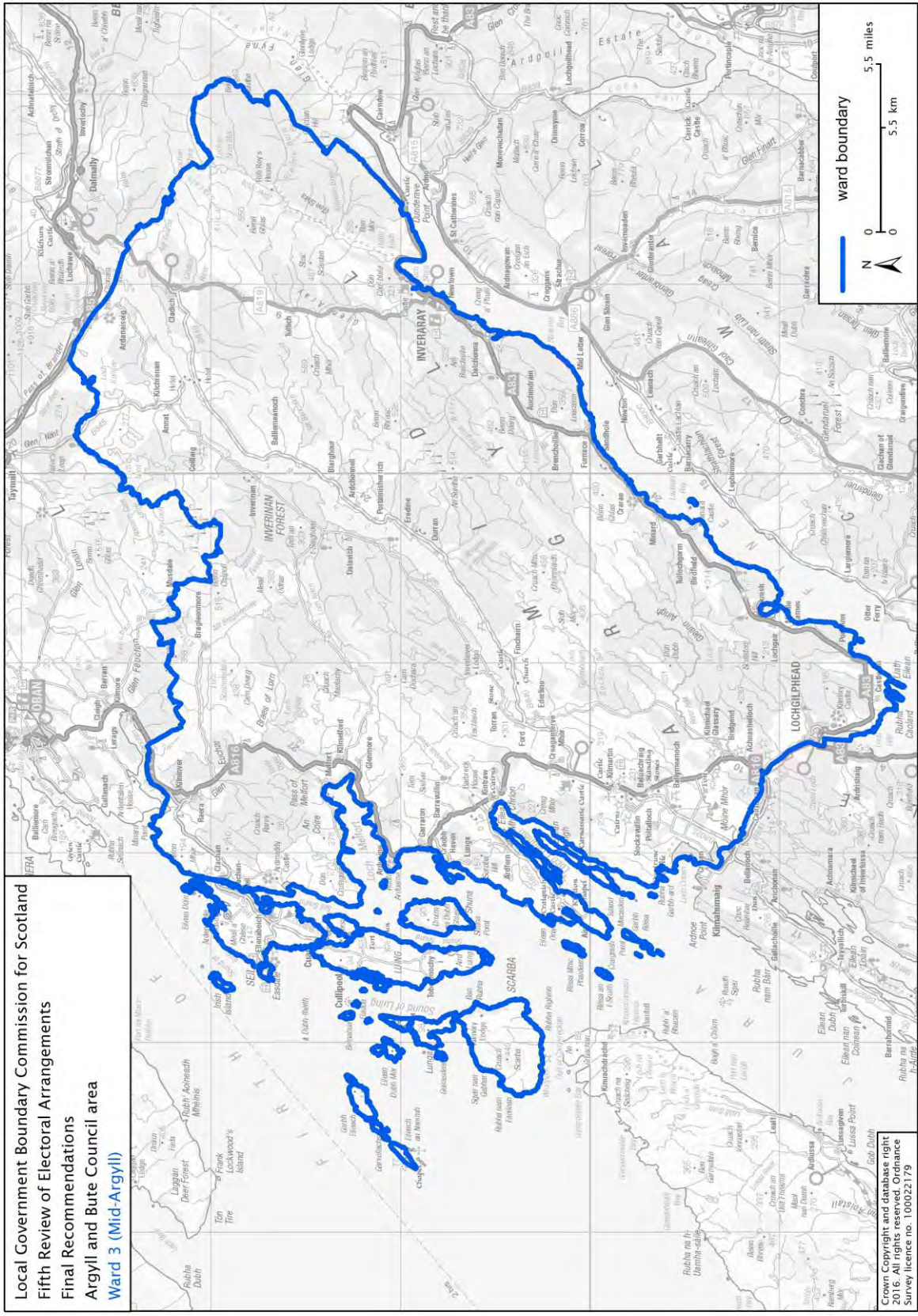
98. Our report is available on our website at www.lgbc-scotland.gov.uk.

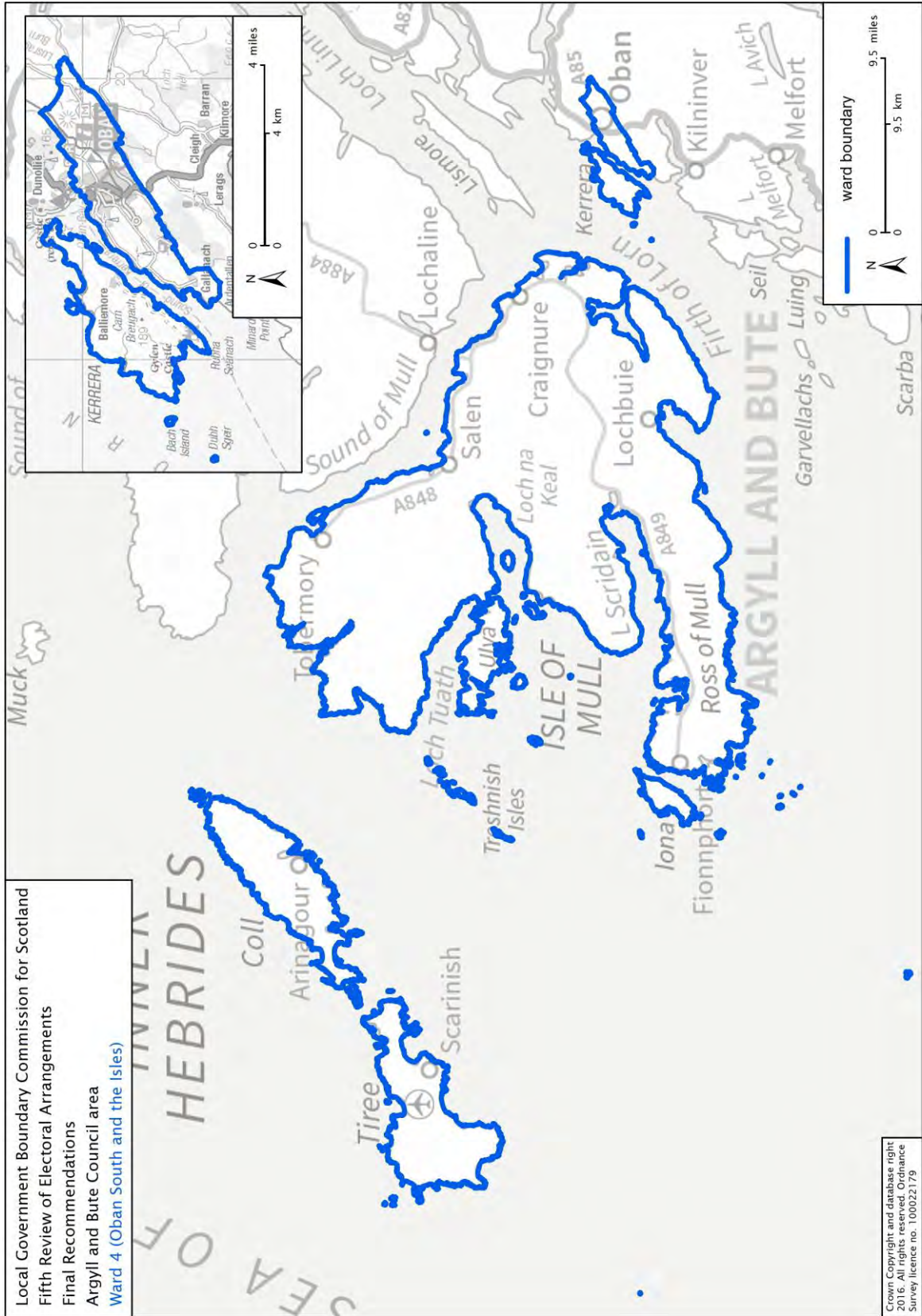
Local Government Boundary Commission for Scotland
 Fifth Review of Electoral Arrangements
 Final Recommendations
 Argyll and Bute Council area

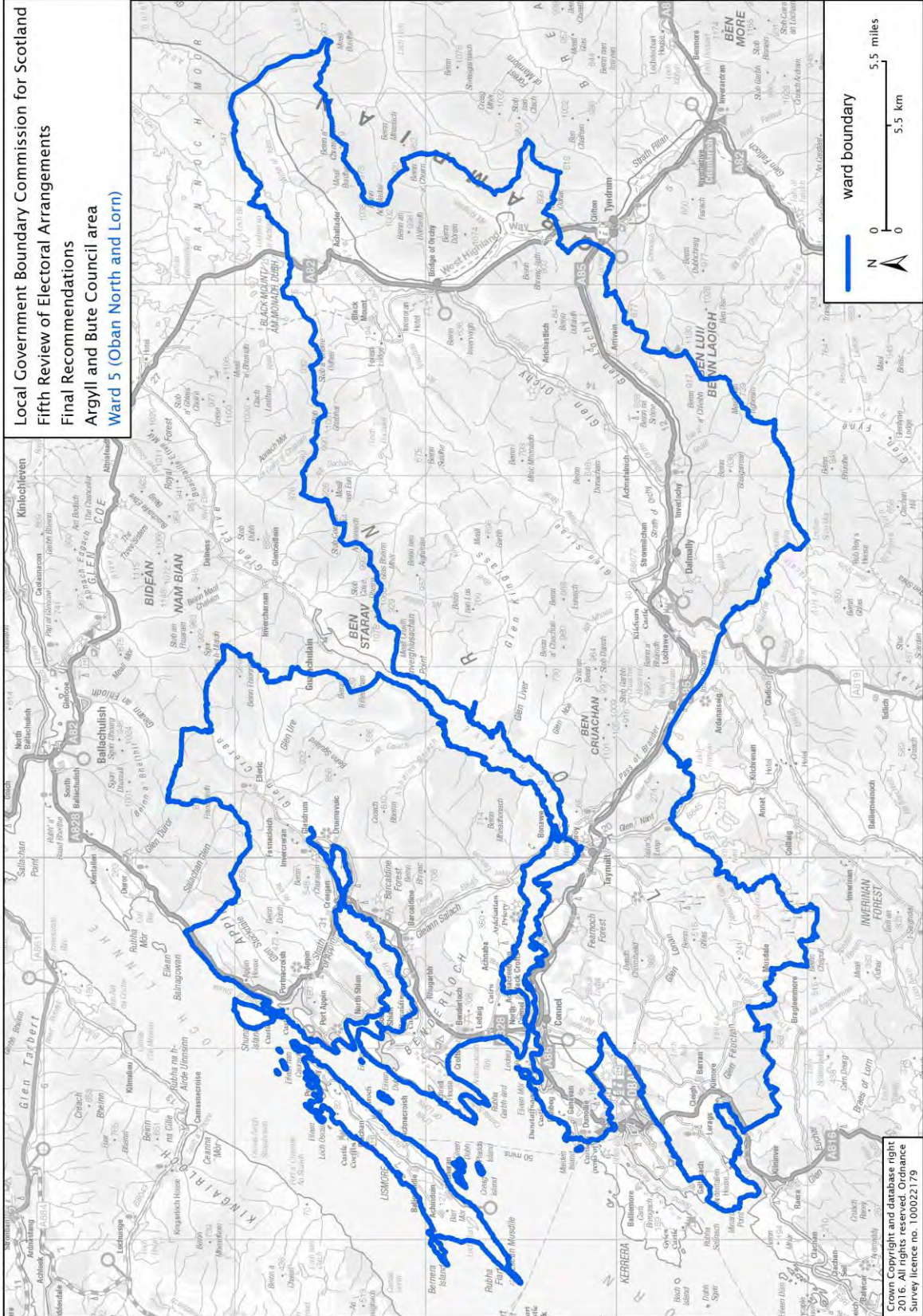


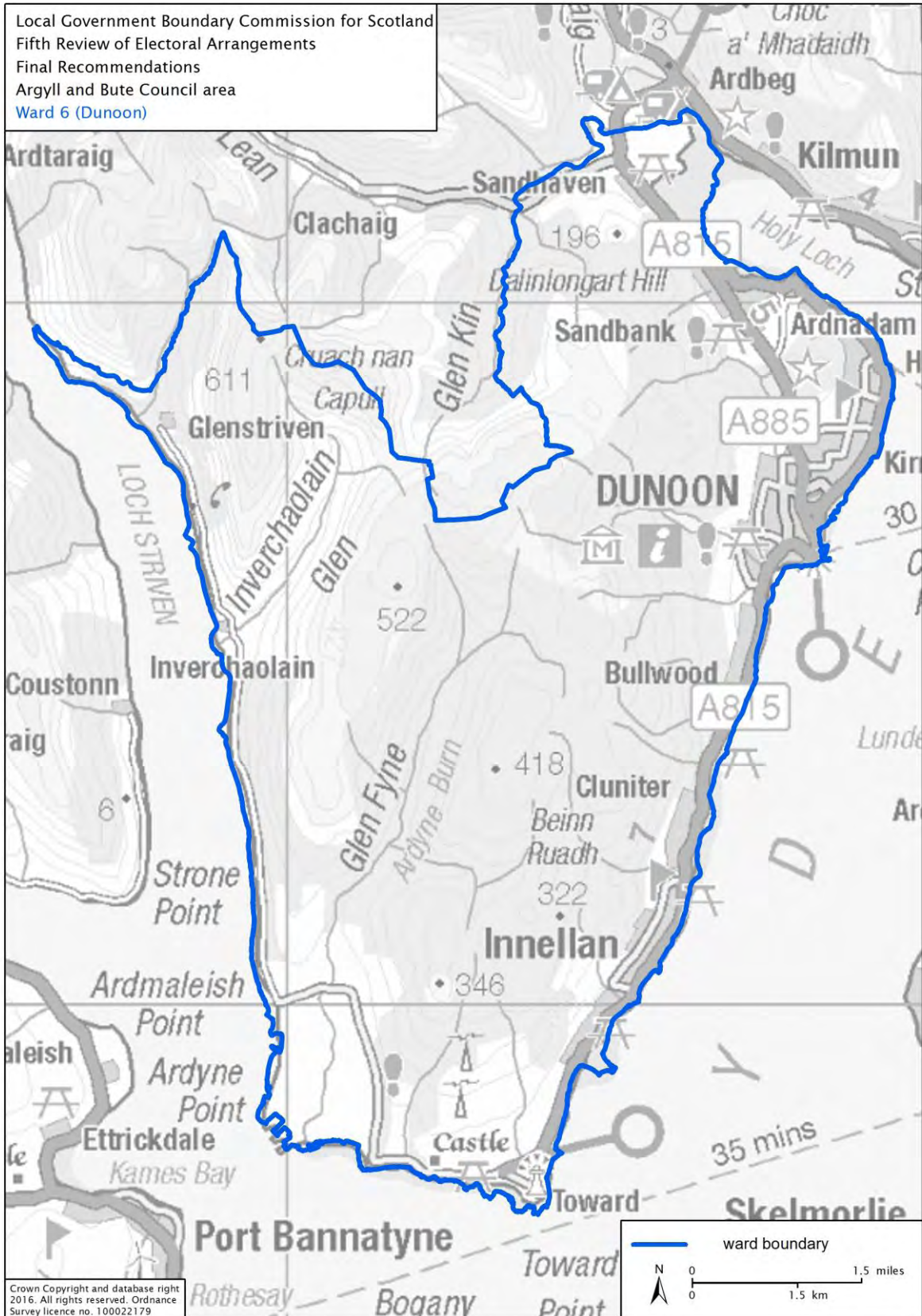




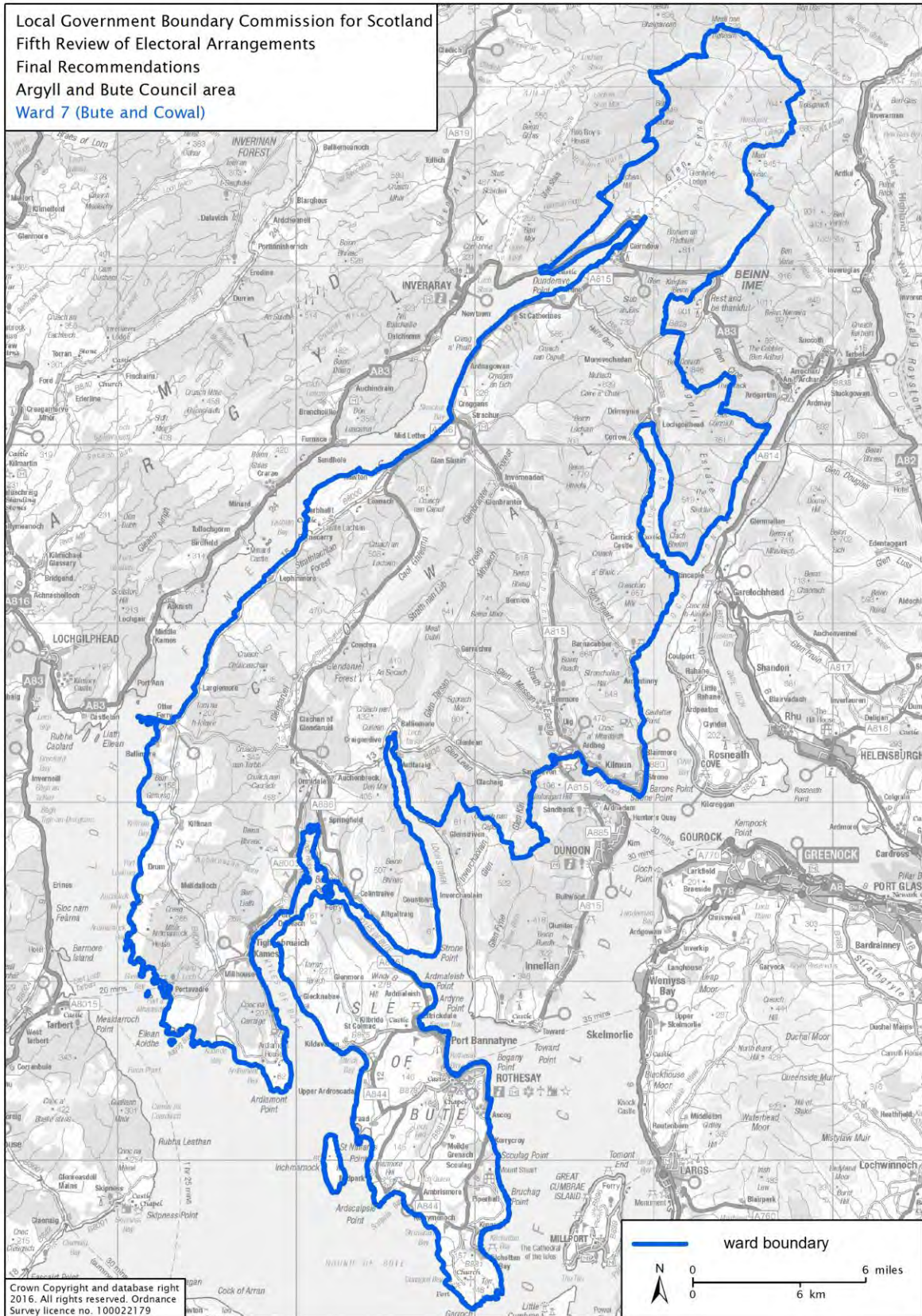




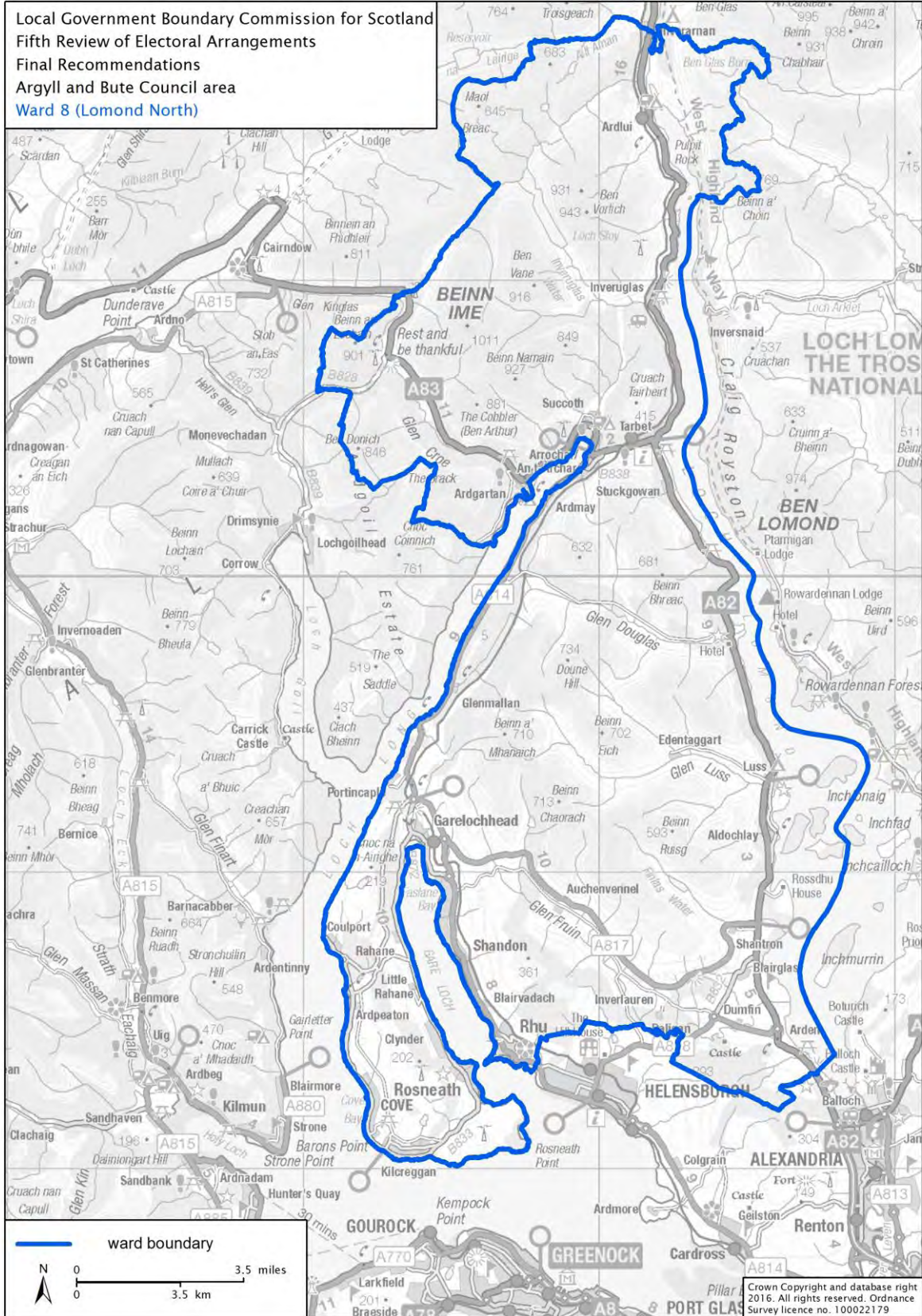


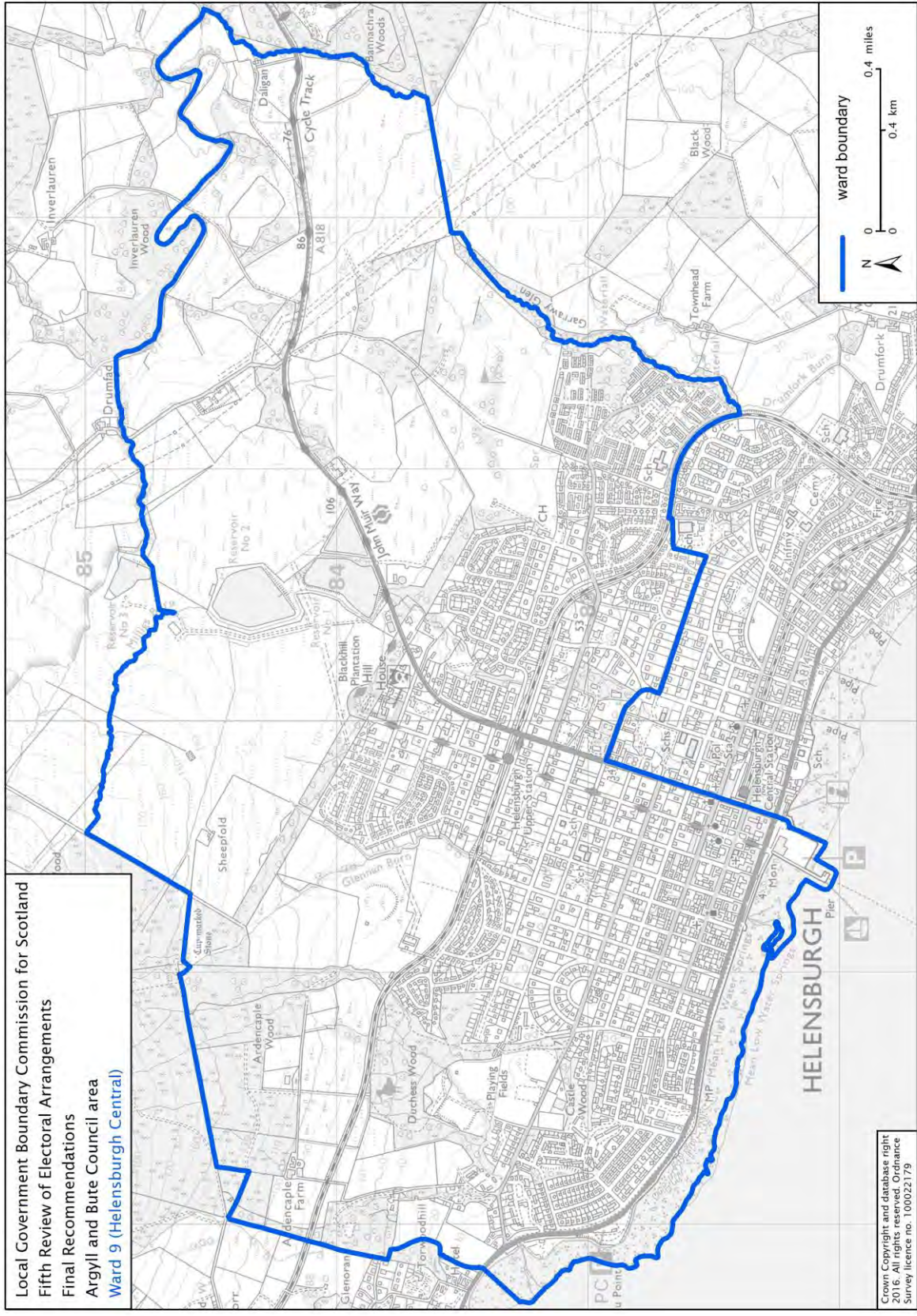


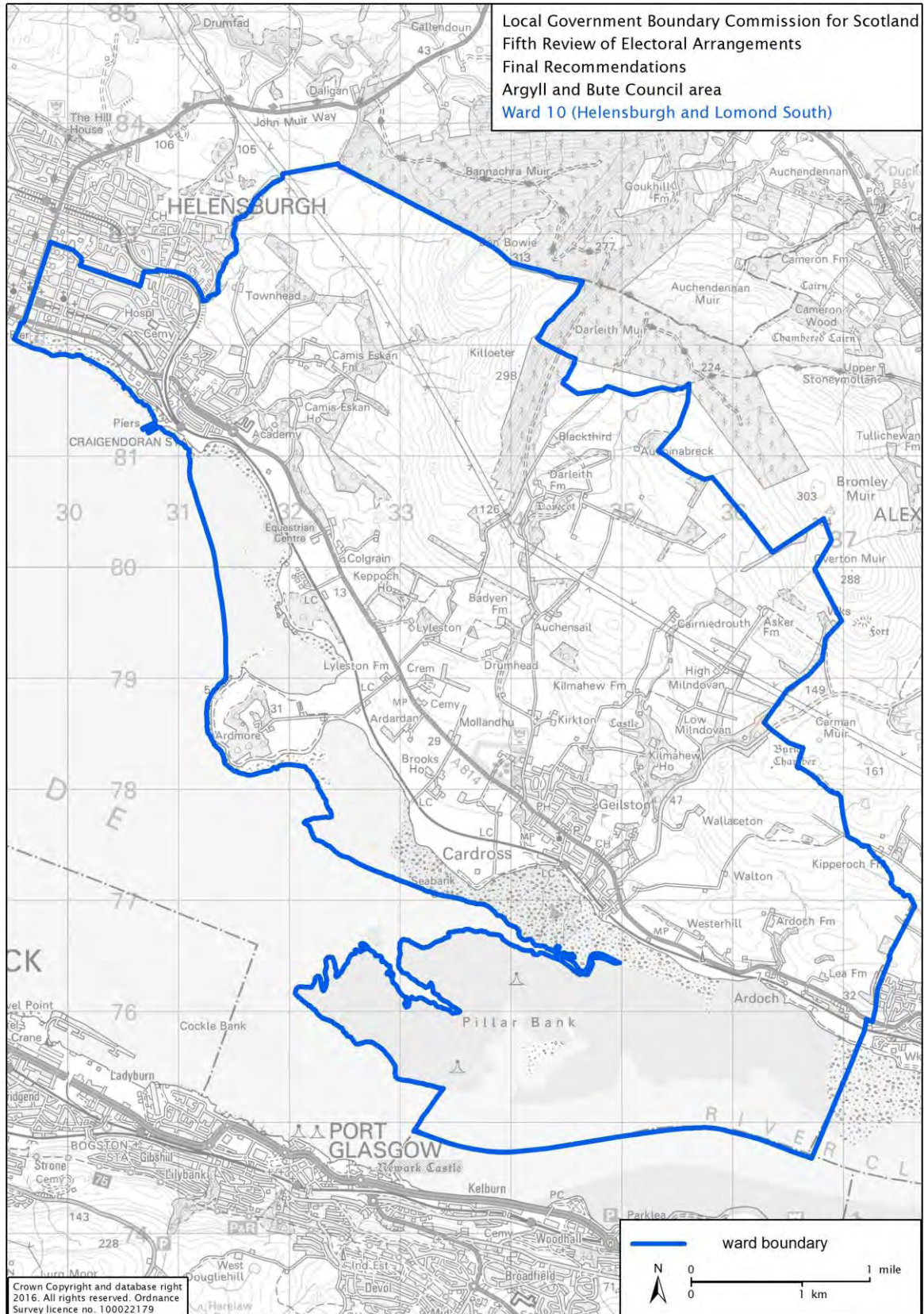
Local Government Boundary Commission for Scotland
Fifth Review of Electoral Arrangements
Final Recommendations
Argyll and Bute Council area
Ward 7 (Bute and Cowal)



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Appendices

Appendix A Existing and Recommended Wards for Argyll and Bute Council area

Appendix B Local Government (Scotland) Act 1973, as amended:
Schedule 6 – Rules to be observed in considering electoral arrangements

Appendix C Categorising Councils Matrix

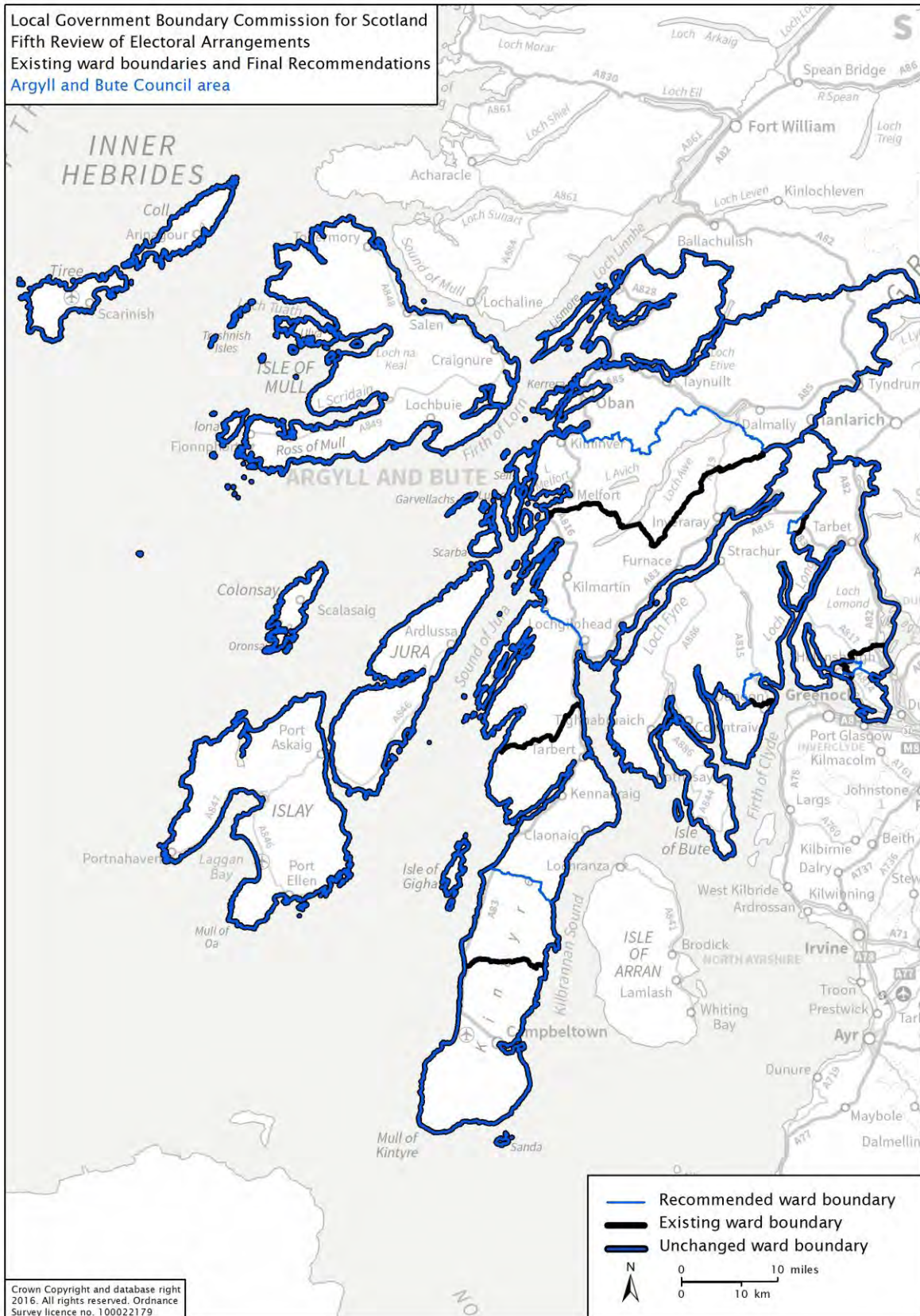
Appendix D Local Government (Scotland) Act 1973: Conduct of Reviews

Appendix E Timetable for the Fifth Reviews of Electoral Arrangements

Appendix F Index of Commission Meetings, Papers and Minutes of Meetings –
Argyll and Bute Council area

Appendix A

Existing and Recommended Wards for Argyll and Bute Council area



Appendix B

Local Government (Scotland) Act 1973, as amended:

Schedule 6 – Rules to be observed in considering electoral arrangements

1 (1) This schedule applies to the consideration by Scottish Ministers or the Boundary Commission of electoral arrangements for election of councillors of local government areas.

(2) Having regard to any change in the number or distribution of electors of a local government area likely to take place within the period of five years immediately following the consideration, the number calculated by dividing the number of local government electors in each electoral ward of that local government area by the number of councillors to be returned in that ward shall be, as nearly as may be, the same.

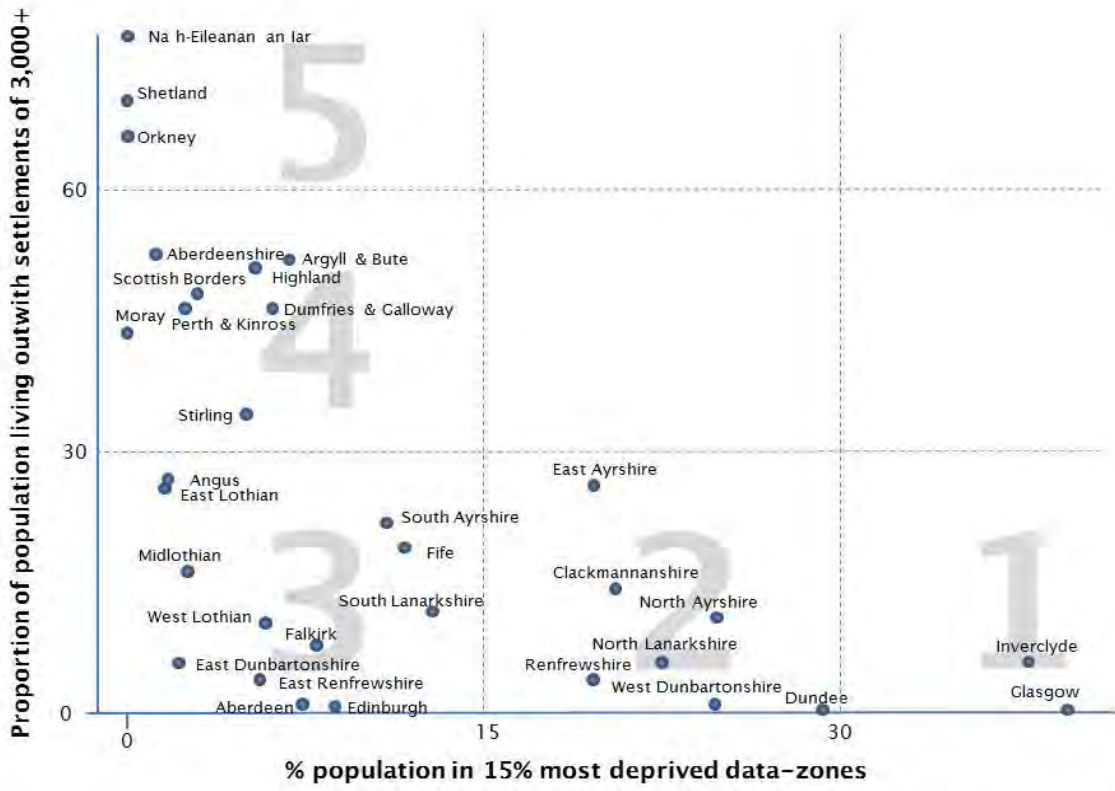
(3) Subject to sub-paragraph (2) above, in considering the electoral arrangements referred to in sub-paragraph (1) above regard shall be had to–

- (a) the desirability of fixing boundaries which are and will remain easily identifiable;
- (b) any local ties which would be broken by the fixing of any particular boundary

but if, in any case, there is a conflict between those criteria, greater weight shall be given to the latter.

2. The strict application of the rule stated in paragraph 1(2) above may be departed from in any area where special geographical conditions appear to render a departure desirable.

Appendix C Categorising Councils Matrix



Appendix D

Local Government (Scotland) Act 1973: Conduct of Reviews

Extract from Local Government (Scotland) Act 1973 (as amended)

Conduct of Reviews

18 Procedure for reviews

(1) Where the Boundary Commission propose to conduct a review under the foregoing provisions of this Part of this Act, they shall take such steps as they think fit to secure that persons who may be interested in the review are informed of the proposal to conduct it and of any directions of the Secretary of State which are relevant to it.

(2) In conducting any such review, the Boundary Commission shall —

(a) consult —

(i) the council of any local government area affected by the review, and such other local authorities, community councils and public bodies as appear to them to be concerned;

(ii) any bodies representative of staff employed by local authorities who have asked the Boundary Commission to consult them; and

(iii) such other persons as they think fit;

(aa) at least two months before taking any steps under paragraph (b) below to inform other persons of any draft proposals or any interim decision not to make proposals, inform the council of any local government area affected by the review of those proposals or that decision;

(ab) before taking any such steps, take into consideration any representation made to them by such a council during the period of two months beginning on the day on which the council is informed under paragraph (aa);¹

(b) take such steps as they think fit for seeing that persons who may be interested in the review are informed of any draft proposals or any interim decision not to make proposals, and of the place or places where those proposals or that decision can be inspected;

(c) in particular, deposit copies of those proposals or that decision at the offices of the council of any local government area which may be affected thereby and require any such council to keep the copies available for inspection at their offices for a period specified in the requirement; and

¹ Sub-section 18(2)(aa) and 18(2)(ab) inserted by Local Governance (Scotland) Act 2004

(d) take into consideration any representation made to them within that period.

(2A) The Scottish Ministers may give directions to —

- (a) the Boundary Commission,
- (b) the council of any local government area affected by a review,

in relation to consultation under subsection (2)(a) above.

(2B) Such directions may be given generally or in relation to particular reviews or particular aspects of reviews.²

(3) Where the Boundary Commission make a report under this Part of this Act they shall —

(a) take such steps as they think fit for securing that persons who may be interested in the report are informed of it and of the place or places where it can be inspected;

(b) in particular, deposit copies of the report at the offices of the council of any local government area which may be affected thereby and require any such council to keep the copies available for inspection at their offices until the expiration of six months after the making of an order giving effect, with or without modifications, to any proposals contained in the report, or after a notification by the Commission that they have no proposals to put forward or, as the case may be, by the Secretary of State that he does not propose to give effect to the proposals of the Commission.

(4) Subject to the foregoing provisions of this section, the procedure of the Boundary Commission in conducting any review under this Part of this Act shall be such as they may determine.

19 *Local inquiries*

(1) The Boundary Commission may cause a local inquiry to be held with respect to any review carried out by them under this Part of this Act.

² Sub-section 18(2A) and 18(2B) inserted by Local Governance (Scotland) Act 2004

Appendix E

Timetable for the Fifth Reviews of Electoral Arrangements

Description	Start	Finish
Reviews commenced	21 February 2014	
Commission met separately with all 32 councils to provide a background to the reviews	25 February 2014	2 April 2014
2-month statutory consultation period with councils on councillor numbers	21 February 2014	23 April 2014
Commission considered councils' responses	April 2014	May 2014
12-week public consultation period on councillor numbers	29 May 2014	21 August 2014
Commission considered responses and agreed councillor numbers	September 2014	January 2015
Commission developed proposals for wards	September 2014	January 2015
2-month statutory consultation period with councils on proposals for wards	19 March 2015	19 May 2015
Commission considered councils' responses	June 2015	July 2015
12-week public consultation on proposals for wards	30 July 2015	22 October 2015
Commission considered all representations and developed its final recommendations	November 2015	April 2016
Commission submitted its reports to Scottish Ministers	May 2016	

Appendix F**Index of Commission Meetings, Papers and Minutes – Argyll and Bute Council area**

Meeting Date	Paper Number	Minutes ref
09.10.2013	Paper 2193/13	M349
12.11.2013	Paper 2198/13	M350
18.12.2013	Paper 2203/13	M351
15.01.2014	Paper 2206/14	M352
01.05.2014	Paper 2217/14	M355
10.09.2014	Paper 2228/14	M358
25.11.2014	Paper 2262/14	M361
18.12.2014	-	M362
03.02.2015	Paper 2276/15	M364
03.03.2015	Paper 2276/15	M365
07.07.2015	Paper 2321/15	M368
08.12.2015	Paper 2360/15	M372
12.01.2016	Paper 2383/16	M373
19.04.2016	Paper 2395/16	M377

Fifth Statutory Review of Electoral Arrangements - Final Recommendations

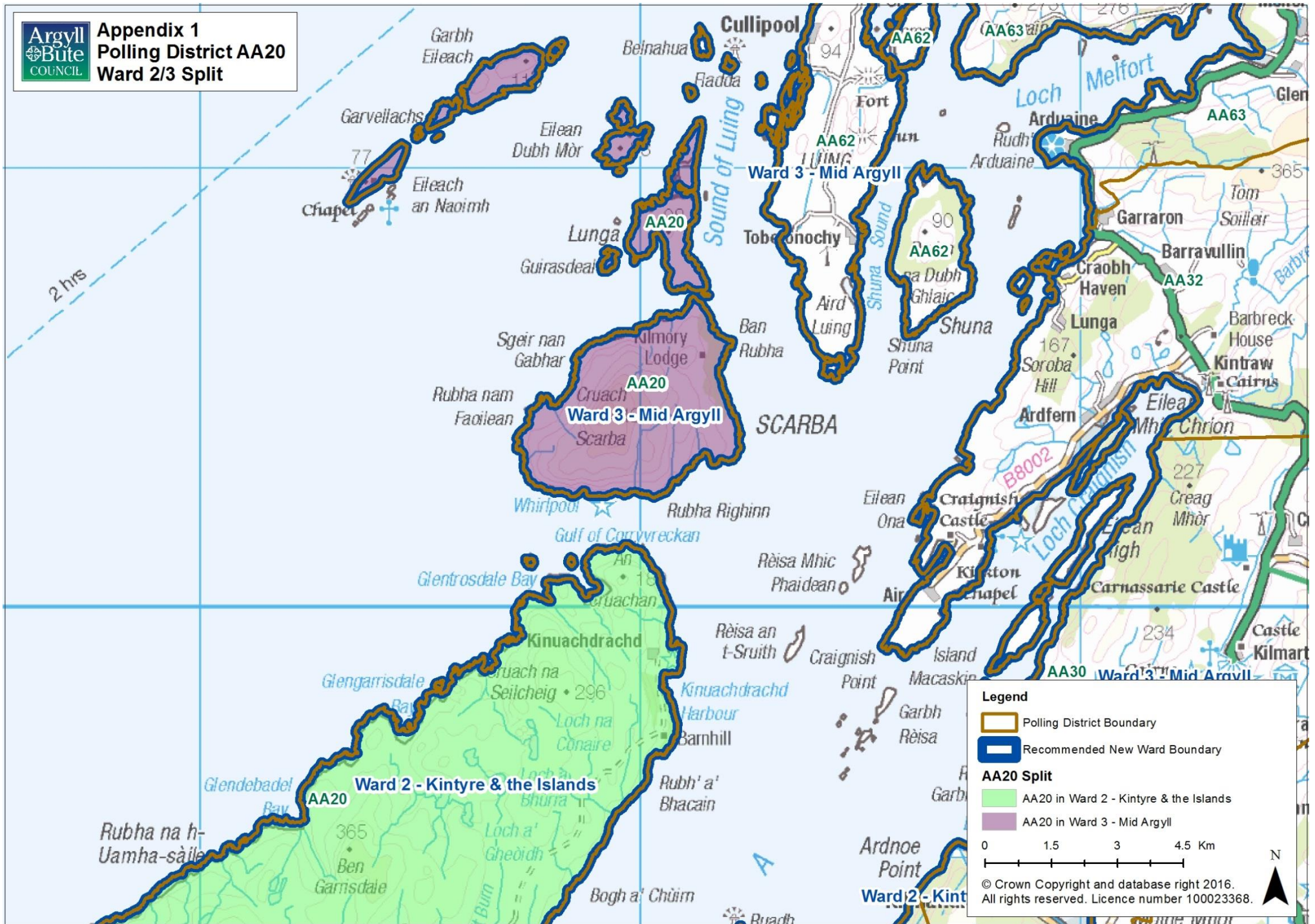
Polling Scheme

New Ward	Old Ward	Polling District(s)	Notes
Ward 1 – South Kintyre	Ward 1 – South Kintyre	AA01, AA02, AA03, AA04, AA05, AA06, AA07	
	Ward 2 – Kintyre & the Islands	AA08, AA11, AA12	Minor cartographic changes to AA08
Ward 2 – Kintyre & the Islands	Ward 2 – Kintyre & the Islands	AA09, AA10, AA13, AA14, AA15, AA16, AA17, AA18, AA19, AA20 (part), AA21	See Appendix 1 for AA20 split; Minor cartographic changes to AA09
	Ward 3 – Mid Argyll	AA23, AA24, AA25, AA26, AA27 (part)	See Appendix 2 for AA27 split
Ward 3 – Mid Argyll	Ward 2 – Kintyre & the Islands	AA20 (part)	See Appendix 1 for AA20 split
	Ward 3 – Mid Argyll	AA27 (part), AA28, AA29, AA30, AA31, AA32, AA33, AA34	See Appendix 2 for AA27 split
	Ward 5 – Oban North & Lorn	AA56 (part), AA59, AA60, AA61, AA62, AA63, AA65, AA68	See Appendix 3 for AA56 split; Minor cartographic changes to AA59 and AA68
Ward 4 – Oban South & the Isles	Ward 4 – Oban South & the Isles	AA36, AA37, AA38, AA39, AA42, AA43, AA44, AA45, AA46, AA47, AA48, AA49, AA50, AA51, AA52, AA53	
Ward 5 – Oban North & Lorn	Ward 5 – Oban North & Lorn	AA55, AA56 (part), AA57, AA58, AA64, AA66, AA67, AA69, AA70, AA72, AA73, AA74	See Appendix 3 for AA56 split; Minor cartographic changes to AA58 and AA66
Ward 6 – Dunoon	Ward 6 – Cowal	AA83, AA83A, AA87	Minor cartographic changes to AA87
	Ward 7 – Dunoon	AA89, AA90, AA91, AA92, AA93	
Ward 7 – Bute & Cowal	Ward 6 – Cowal	AA75, AA76, AA77, AA78, AA79, AA80, AA81, AA82, AA84, AA85, AA86	Minor cartographic changes to AA77, AA78 and AA84
	Ward 8 - Bute	AA94, AA95, AA96, AA97, AA98	

<i>New Ward</i>	<i>Old Ward</i>	<i>Polling District(s)</i>	<i>Notes</i>
Ward 8 – Lomond North	Ward 9 - Lomond North	AD01, AD02, AD03, AD04, AD05, AD06, AD07, AD08, AD09, AD10	Minor cartographic changes to AD10
	Ward 11 – Helensburgh & Lomond South	AD24	
Ward 9 – Helensburgh Central	Ward 10 – Helensburgh Central	AD14, AD15, AD16, AD17 (part), AD18	See Appendix 4 for AD17 split
	Ward 11 – Helensburgh & Lomond South	AD21, AD22	Minor cartographic changes to AD22
Ward 10 – Helensburgh & Lomond South	Ward 10 – Helensburgh Central	AD12, AD13, AD17 (part)	See Appendix 4 for AD17 split
	Ward 11 – Helensburgh & Lomond South	AD20, AD23	Minor cartographic changes to AD20

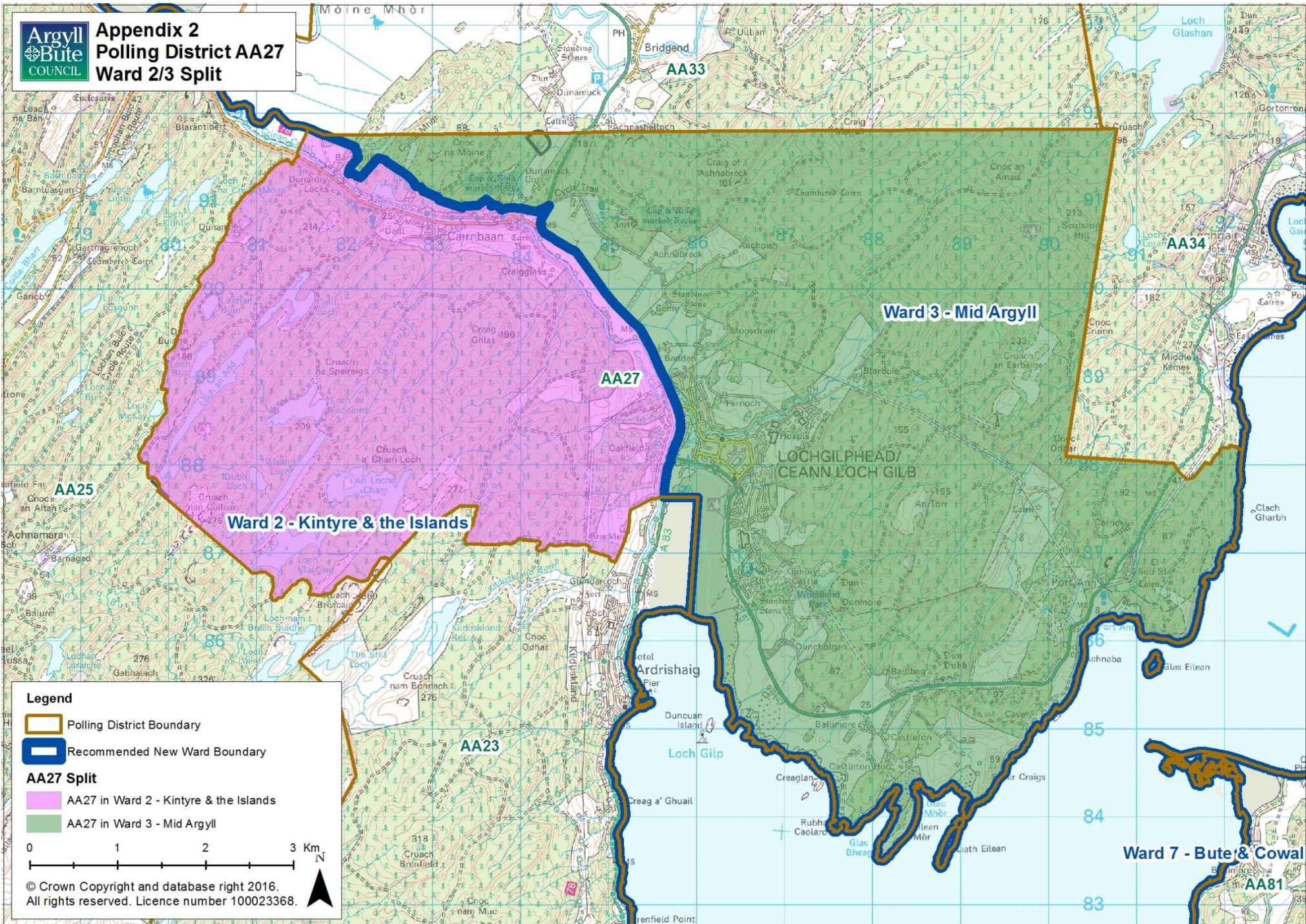
Summary of split Polling Districts

<i>Polling District</i>	<i>New Ward</i>	<i>Description of split</i>	<i>Electors (LGBC 2013 postcode based figures)</i>	<i>Electors (ER 2015 property based figures)</i>
AA20	Ward 2 – Kintyre & the Islands	Isle of Jura only	167	168
	Ward 3 – Mid Argyll	Scarba, Lunga and the Garvallachs	0	0
AA27	Ward 2 – Kintyre & the Islands	West of A816 including all of Cairnbaan	128	175
	Ward 3 – Mid Argyll	Lochgilphead, Castleton, Port Ann	2064	2146
AA56	Ward 3 – Mid Argyll	Cladich area	41	48
	Ward 5 – Oban North & Lorn	Dalmally, Stronmilchan, Glen Orchy, Glen Lochy	307	318
AD17	Ward 9 – Helensburgh Central	West and north of Victoria Street and Sinclair Street	493	472
	Ward 10 – Helensburgh & Lomond South	East and south of Victoria Street and Sinclair Street	544	438





**Appendix 2
Polling District AA27
Ward 2/3 Split**



Legend

- Polling District Boundary
- Recommended New Ward Boundary

AA27 Split

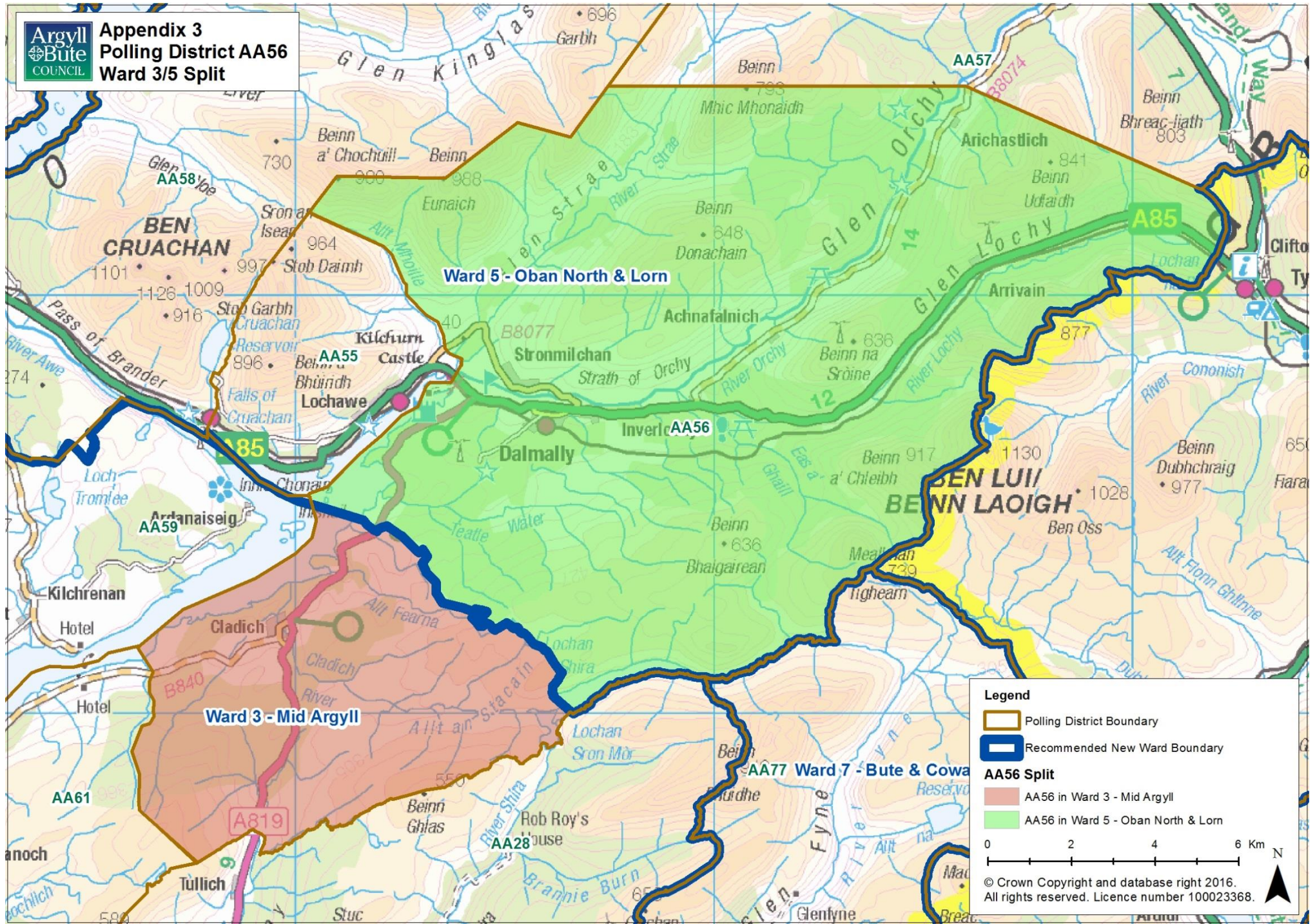
- AA27 in Ward 2 - Kintyre & the Islands
- AA27 in Ward 3 - Mid Argyll

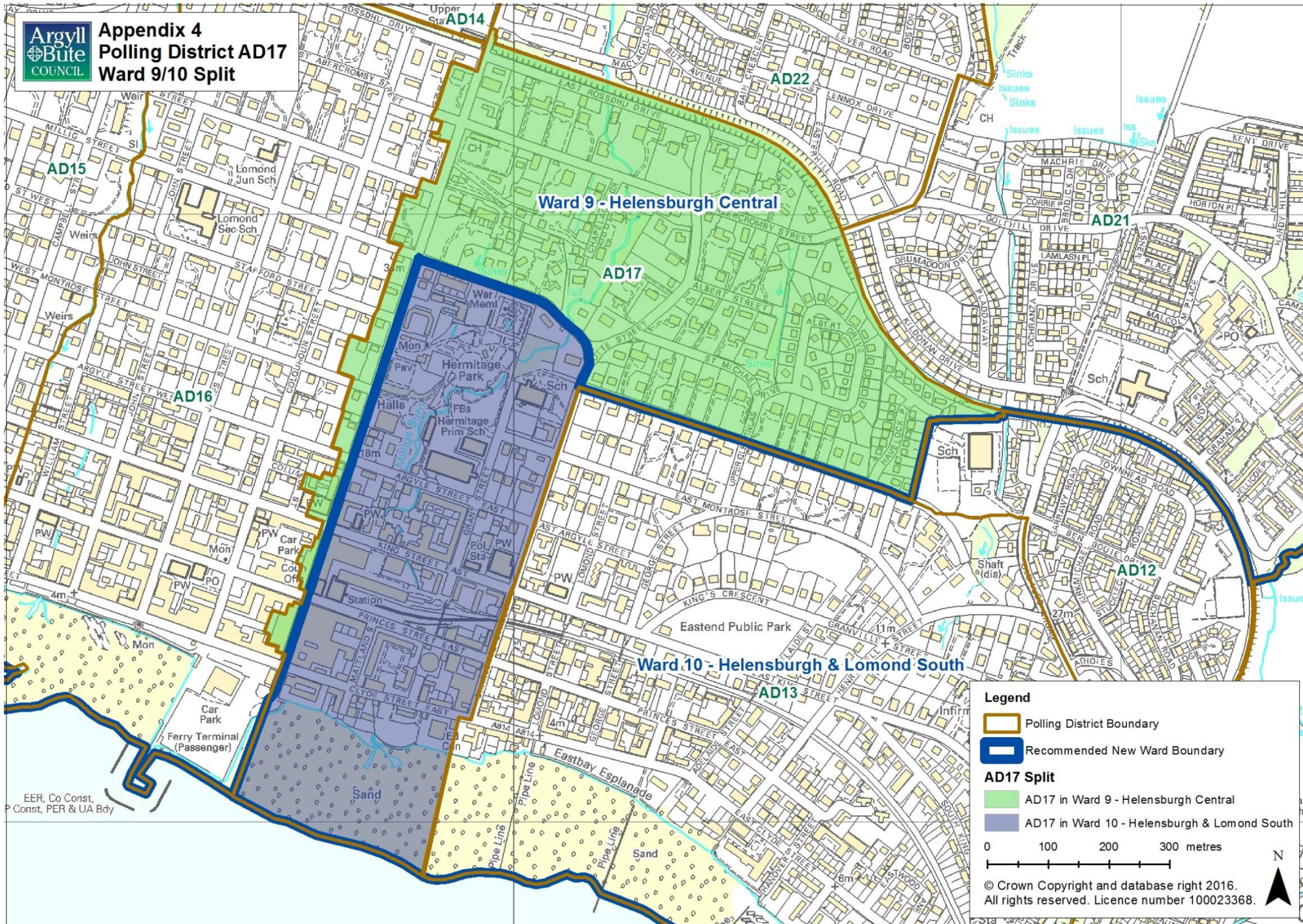
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**Appendix 3
Polling District AA56
Ward 3/5 Split**





Ward 9 - Helensburgh Central

Ward 10 - Helensburgh & Lomond South

Legend

- Polling District Boundary
- Recommended New Ward Boundary

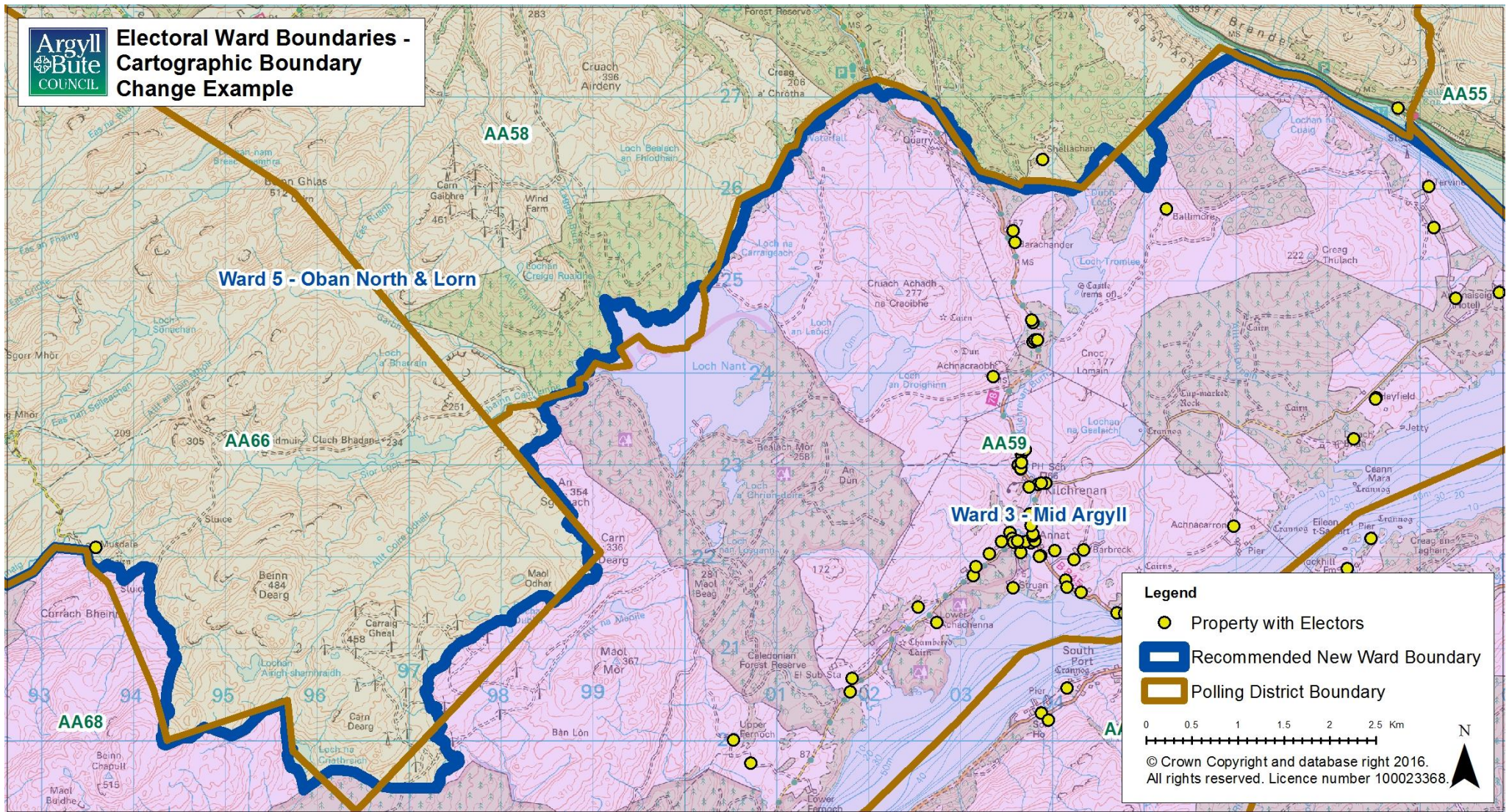
AD17 Split

- AD17 in Ward 9 - Helensburgh Central
- AD17 in Ward 10 - Helensburgh & Lomond South

0 100 200 300 metres

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Footnote: The Local Government Boundary Commission for Scotland have made some minor cartographic changes to ward boundaries which subsequently will impact of polling district boundaries. These changes are mainly to remove straight lines and ensure all boundaries follow a feature on the ground (e.g. fence, road or river). None of these changes impact on electors. The map below shows an example of the cartographic changes.



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Letter to the Scottish Government

Dear

Fifth Statutory Review of Electoral Arrangements – Argyll & Bute

Since the Local Government Boundary Commission's proposals for Argyll and Bute were first made known to all Scottish local authorities last year, Argyll and Bute Council has been clear in its objection and opposition to the suggested changes. We remain opposed to the final recommendations as outlined in the report to Scottish Ministers. We have made this clear formally to the LGBC as part of its consultation and also to the parliamentarians who represent Argyll and Bute. We therefore seek your support in maintaining the status quo in terms of councillor numbers and existing ward boundaries within Argyll and Bute in the interests of ensuring effective and convenient local government.

Our opposition to the LGBC proposals has been strenuous and consistent, given that Argyll and Bute has the highest number of inhabited islands and the second largest mainland area of all of Scotland's 32 local authority areas. The people our councillors represent are scattered across thousands of square miles of land and sea. We have previously made representation on the existing complexity of representing our rural and island communities which have unique and diverse needs, and the additional burden that this places on committed local councillors. We believe that the final recommendations only serve to increase that challenge and, of more concern, will significantly impact on our communities' parity of access to true local representation. All but one of the existing Argyll and Bute Council wards will be affected by the proposals which seek not only to reduce councillor numbers but alter the very make-up of the wards themselves.

The proposed boundary changes and the significant travel demands they would bring also risk preventing from standing in next year's council elections anyone who cannot drive or who has family commitments with a consequent impact on encouraging diversity in representation. There are very substantial distances to be travelled within a number of wards, which will be even more challenging during times of adverse weather. There is a lack of regular public transport links across a significant number of the recommended new wards. As well as creating difficulty in attending community council meetings (generally held in the evening when transport is even more limited) there may also be a disadvantage for current or potential councillors who are not able to drive or easily stay away overnight.

You will be aware that concerns have been raised by COSLA in relation to the methodology used by the LGBC to determine councillor numbers and in particular the use of SIMD data on deprivation as a key factor in arriving at these numbers. Best practice dictates that such data should be used carefully in rural areas, such as Argyll and Bute, where deprivation may be hidden and consequently we are concerned that this untested approach has had a significant detrimental impact on Argyll and Bute with a maximum reduction of 3 councillors. We would prefer an approach where the evidence base has been accepted by local government and which has overarching support in meeting the statutory requirement to act in the interests of effective and convenient local government.

We acknowledge that the LGBC has amended some of the proposals through the process of consultation but the basis for setting councillor numbers which is a key determinant in establishing boundaries is flawed. The matter has already created considerable disquiet and concern for our local communities, who see the revised boundary arrangements as fracturing existing community connections and cohesion. It is therefore highly disappointing that the proposals from the Commission have now become recommendations.

Our priority is serving the communities we have been elected to represent as well as we possibly can. We are convinced that these recommendations will seriously hamper that priority because they do not adequately address representation in our remote, rural and island communities.

Our concerns are echoed and shared by local people, by our community councils, by our fellow elected members and by constituency MSPs. Given that strength of feeling and opposition to the LGBC's proposals we would urge you to reconsider and to maintain the status quo which respects and strengthens natural community bonds and boundaries, maintains community links and identity and supports local democracy.

Yours sincerely

ARGYLL & BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

EXTRACT OF MINUTE OF BUTE AND COWAL AREA COMMITTEE HELD ON 7 JUNE 2016

14. BOUNDARIES COMMISSION REPORT (AGENDA ITEM 14)

The Bute and Cowal Area Committee Members held a discussion regarding the Local Government Boundary Commission for Scotland's report on the boundary recommendations for the Argyll and Bute Council Area.

The Committee considered the following Notice of Motion submitted which was proposed at the meeting by Councillor Len Scoullar and seconded by Councillor Michael Breslin –

Motion

That the Bute and Cowal Area Committee agrees to advise the Council of its strong opposition to the Boundary Commission proposals for the Bute and Cowal Ward 7 and for the Dunoon Ward 6 and that Council reinforce its position that current Bute and Cowal wards remain unchanged.

The Bute and Cowal Area Committee further recommend to the Council that it raises an objection to the Boundary Commission proposals for the Argyll and Bute Area in total and that the Council reinforces the position previously represented on this, to them.

Proposer: Councillor Len Scoullar
Secunder: Councillor Michael Breslin

Decision

The Committee unanimously agreed the content of the motion submitted and the Committee resolved accordingly.

(Ref: Report by Local Boundary Commission for Scotland dated 7 June 2016, submitted)

(Ref: Notice of Motion by Councillor Len Scoullar and Seconded by Councillor Michael Breslin dated 7 June 2016, submitted)

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ARGYLL AND BUTE COUNCIL
CUSTOMER SERVICES

COUNCIL
30TH June 2016

OBAN COMMON GOOD FUND

1.0 EXECUTIVE SUMMARY

- 1.1 This report advises members of a vacancy in the trustees of the Oban Common Good Fund and invites members to appoint a new trustee to the Fund.

OBAN COMMON GOOD FUND

2.0 INTRODUCTION

- 2.1 The Oban Common Good Fund is managed by trustees appointed by the Council from the eight members representing Wards in the Oban, Lorne and the Isles area.
- 2.2 Iain Angus MacDonald acted as a trustee of the Oban Common Good Fund until his resignation as a Councillor.

3.0 RECOMMENDATIONS

- 3.1 That the Council note the vacancy in the trustees of the Oban Common Good Fund.
- 3.2 That the Council appoint a further member from Ward 4 or Ward 5 to act as a trustee for the Oban Common Good Fund.

4.0 DETAIL

- 4.1 The Oban Common Good Fund manages assets held in the common good for the benefit of the people of Oban and meets to consider applications to the Fund.
- 4.2 The trustees of the Oban Common Good Fund have been appointed from those members who represent Wards which include any part of the former Burgh of Oban.
- 4.3 Iain Angus MacDonald, formerly a member for Ward 5, Oban North and Lorn, acted as one of four trustees of the Fund. His resignation as a Councillor has resulted in a vacancy on the Fund.
- 4.4 Trustees of the Oban Common Good Fund receive advice in managing the Fund and considering applications from the Council's Governance and Law Service and from David A. McGregor of Simmers & Co., Chartered Accountants. Additionally, two community observers, the Chair of the Community Council and a representative from the local church community, attend but do not take part in decision-making.
- 4.5 The current trustees of the Oban Common Good Fund are Cllr Elaine Robertson, Ward 5, Cllr Alistair MacDougall, Ward 4, and Neil Macintyre, Ward 4.

5.0 CONCLUSION

5.1 This report proposes that Council appoint a fourth trustee to the Oban Common Good Fund. There is currently a vacancy in the trustees of the Fund due to the resignation as a Councillor of Iain Angus MacDonald. It is recommended that a fourth trustee is appointed from the representatives of Wards 4 and 5.

6.0 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.

Executive Director of Customer Services
28th April 2016

For further information contact: Graeme B. Forrester, Area Committee Manager,
Kilmory, Lochgilphead, tel: 01546 604197

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ARGYLL AND BUTE COUNCIL**Argyll and Bute Council****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****30th June 2016**

Enhanced Employability Pipeline Strategic Intervention – European Social Fund

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to outline to Elected Members the detailed risk and match funding issues involved with the delivery of the Enhanced Employability Pipeline Strategic Intervention application to the European Social Fund (ESF), 2014 to 2020. Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government to develop and deliver a managed Enhanced Employability Pipeline. In order to access this money, the Council is required to identify £3.66 million of match funding (from internal and external sources) giving a total budget of £7.32 million for the pipeline delivery.
- 1.2 A paper on the proposed approach to leveraging in ESF monies to support the delivery of an Argyll and Bute Enhanced Employability Pipeline was presented to the Environment Development and Infrastructure (EDI) Committee on 7th April. The EDI Committee agreed to a non-legally binding stage one application (Strategic Intervention) being submitted to the Scottish Government for stages one to three of the pipeline with an indicative total investment of circa £3 million, subject to acceptable conditions, available match funding and level of risk.
- 1.3 The Argyll and Bute Enhanced Employability Pipeline Strategic Intervention was submitted to the Scottish Government on Friday, 13th May 2016. This allowed for the participant numbers to be refined in light of recently published economically inactive and long-term unemployment data and the availability of match funding sources to be explored further. Match funding issues had not been resolved prior to the submission. Therefore, in the accompanying e-mail with the Strategic Intervention submission it was clearly stated that “...*the financial figures contained in the attached Strategic Intervention are indicative and are likely to be revised downwards should Argyll and Bute progress on to the ‘Operation’ application stage.*”
- 1.4 On the 19th May, the Scottish Government’s contact in the European Structural Funds and State Aid Division responded to our initial submission seeking clarification on a number of issues by 27th May 2016. The officer response to these initial comments and queries was returned to the Scottish Government on Tuesday, 24th May 2016 (see **Appendix 1**), along with some suggested revisions to the Strategic Intervention text and some common text sent to us from the Scottish Government to resubmit. The detail provided in

this response has been factored into the risk matrix presented in the main report.

- 1.5 One particular issue, contrary to previous understanding, was that the Argyll and Bute Enhanced Employability Pipeline phased approach would require to run to the end of December 2018, rather than 31st March 2018. In addition, another fundamental issue to the Strategic Intervention submitted was the request to cover all stages of the pipeline (one to five) even although the funding sought in the first instance was to cover stages one to three. These two issues have a significant impact on the ability to deliver an ESF funded Argyll and Bute Enhanced Employability Pipeline.
- 1.6 Unless otherwise advised, it is anticipated that the revised Strategic Intervention will go forward to the Scottish Government's Scrutiny & Risk Panel and if the panel is content with the application it will be presented to the Managing Authority Approval Panel in mid-June 2016. It is hoped feedback on the outcome of this process will be available for the Council meeting, where relevant officers will require to do this verbally.
- 1.7 The recommendations for Elected Members are as follows:
 - Consider the risks articulated in the paper; noting that there are 11 significant 'red' risks that are difficult to address compared with two where mitigation of these risks can be managed to an acceptable degree.
 - Aligned to the risks, consider the ongoing match funding concerns, particularly the issue that the Economic Development Service does not currently have the total amount of required match funding to recruit the necessary staff to manage and deliver the Argyll and Bute Enhanced Employability Pipeline, regardless of the stages or phases identified for delivery.
 - It is recommended that the Council does not take up the opportunity to progress with the Argyll and Bute Enhanced Employability Pipeline.
 - The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a high cost of delivery. If members decide to approve the recommendation not to host this pipeline activity it is recognised that the indicative allocation for the area of £3.66 million will go back into a central Scottish Government pot and be redistributed to local authorities that intend to participate.

ARGYLL AND BUTE COUNCIL

Argyll and Bute Council

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

30th June 2016

Enhanced Employability Pipeline Strategic Intervention – European Social Fund

2. INTRODUCTION

- 2.1 The purpose of this paper is to provide Elected Members with the detailed risk and match funding issues involved with the delivery of the Enhanced Employability Pipeline Strategic Intervention application to the European Social Fund (ESF), 2014 to 2020.
- 2.2 Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government, when matched at 50%, represents a total budget of £7.32 million for pipeline delivery. As detailed in the Strategic Intervention application to the Scottish Government, the Council identified circa £1.5 million of **indicative, unsecured**, match funding giving a total budget of just over £3.0 million.
- 2.3 It is important to note, that a managed pipeline is a new approach for Argyll and Bute Council. The majority of local authorities across Scotland revenue fund their Employability services, many of which already deliver a managed pipeline as core service activity and will be better positioned to use such revenue funding to lever in the additional monies through ESF. This is not the case for the Council's depleted Employability service. Furthermore, local authorities with experience of delivering an effective pipeline have acknowledged that effective pipelines are difficult to run (resource intensive) and require constant refinement and change.
- 2.4 A paper on the proposed approach to leveraging in ESF monies to support the delivery of an Argyll and Bute Enhanced Employability Pipeline was presented to the Environment Development and Infrastructure (EDI) Committee on 7th April. The EDI Committee agreed to a non-legally binding stage one application (Strategic Intervention) being submitted to the Scottish Government for stages one to three of the pipeline with an indicative total investment of circa £3 million, subject to acceptable conditions, available match funding and level of risk.

3.0 RECOMMENDATIONS

3.1 The recommendations for Elected Members are as follows:

- Consider the risks articulated in the paper; noting that there are 11 significant 'red' risks that are difficult to address compared with two where mitigation of these risks can be managed to an acceptable degree.
- Aligned to the risks, consider the ongoing match funding concerns, particularly the issue that the Economic Development Service does not currently have the total amount of required match funding to recruit the necessary staff to manage and deliver the Argyll and Bute Enhanced Employability Pipeline, regardless of the stages or phases identified for delivery.
- It is recommended that the Council does not take up the opportunity to progress with the Argyll and Bute Enhanced Employability Pipeline.
- The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a high cost of delivery. If members decide to approve the recommendation not to host this pipeline activity it is recognised that the indicative allocation for the area of £3.66 million will go back into a central Scottish Government pot and be redistributed to local authorities that intend to participate.

4.0 BACKGROUND

4.1 The Scottish Government is responsible for the overall delivery of the 2014-2020 ESF programme within Scotland. As part of this, each Local Authority has been allocated an indicative sum of ESF funding to develop and deliver an Enhanced Employability Pipeline.

4.2 The pipeline must target vulnerable individuals across Argyll and Bute with multiple barriers including long term unemployed, lone parents, people with disabilities, young people, older people and ethnic minority groups.

4.3 This pipeline can also address those in receipt of in-work benefits by supporting those with low skills and on low wages to upskill, to enable them to improve their career prospects.

4.4 Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government, when matched at 50%, represents a total budget of £7.32 million for pipeline delivery. As detailed in the Strategic Intervention application to the Scottish Government, the Council identified £1.5 million of indicative, unsecured, match funding giving a total budget of just over £3.0 million.

- 4.5 A caveat with regard to the identified match funding was outlined in the e-mail to the Scottish Government with the attached Strategic Intervention. It was noted that a significant proportion of the Argyll and Bute Enhanced Employability Pipeline would be delivered by external providers to Argyll and Bute Council through a competitive procurement process. During the preparation of the Strategic Intervention expressions of interest were invited from interested parties to gauge the scale of external provision aligned to demand and match funding availability. However, given that Argyll and Bute is subject to a substantial 42% reduction in Employability Fund starts for 2016/17, with the Employability Fund being identified as a source of match funding, this will undoubtedly impact on the scale of external provision. In short, the financial figures contained in the Strategic Intervention are indicative and are likely to be revised downwards should Argyll and Bute Council progress on to the 'Operation' application stage.
- 4.6 The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a declining population. It is predominantly a rural and remote rural area with many small and island communities. In terms of service delivery, the financial pressure on service providers is exacerbated due to the high cost of delivery.

5.0 DETAILS

Match Funding

- 5.1 In the initial paper to the EDI Committee the shortfall of match funding for Argyll and Bute Council to fund the posts required to manage and compliantly deliver the pipeline was estimated to be circa £46,000. Despite the comments made in the initial officer response to the Scottish Government's queries, if the Scottish Government's Scrutiny & Risk Panel advises that the pipeline **must** run to the end of December 2018 (rather than 31st March 2018) this shortfall will increase proportionately, circa £50,000; given that a significant proportion of the Council's match funding identified for 2016/17 and 2017/18 will no longer be available during 2018/19.
- 5.2 In addition, another fundamental issue to the Strategic Intervention submitted was the request from the Scottish Government to cover all stages of the pipeline (one to five). However, this was not changed in the submitted Strategic Intervention as the preparatory work only focused on activity for the first three stages and funding is only sought in the first instance to cover these stages. If stages four and five were to be supported in future, post the mid-term review in 2018, this would require to be costed out separately.
- 5.3 For procured activity, clean match funding (not already matched by ESF) has to be identified, such as the national Employability Fund managed by Skills Development Scotland. Therefore, delivery agents can use their own match. Initial expressions of interest have been received by external providers who would wish to be part of the competitive procurement activity for pipeline delivery. However, some of these will now require to be revised downwards

further to the 42% reduction in the Employability Fund for Argyll and Bute for 2016/17. It is unclear what match funding will be available further to the devolution of Welfare Reform to Scotland as of 1st April 2017.

- 5.4 The Scottish Government has advised that for such procurement activity advice should be sought from the Council's own procurement service (there is very limited guidance on this from the Scottish Government).
- 5.5 It should be noted that at present there is also insufficient guidance from the Scottish Government with regard to the how ESF monies can be drawn down and if payments will be milestone/output/target related. The risk associated with this issue is detailed in the risk matrix (see **Tables 1** and **2**).

Risks

- 5.6 The risks associated with the preparation and compliant delivery of the Enhanced Employability Pipeline are outlined in **Table 1** and **Table 2** below. A value score of between 1-5 has been deemed as low risk (green); a value score of between 6-12 represents medium risk (amber) and a value score of between 15-25 has been deemed as high risk (red).

Risks

Table 1 below outlines the financial risks that can be addressed in order to deliver the Enhanced Employability Pipeline.

Table 1: Risks Able to Address, ESF Enhanced Employability Pipeline				
Financial Risk				
Description	Prob	Impact	Value	Action to mitigate risk
Council spends money which it cannot reclaim from ESF due to non-compliance with financial record keeping.	2	5	10	The European Team has robust systems in place to monitoring financial spend and ensure compliance with the strict European financial regulations. However, much of the information in terms of reporting requirements remains outstanding. Nevertheless, the staff have confidence in their experience and will develop systems as the requirements of the Scottish Government become clearer.
Delivery agents spend money which cannot be reclaimed due to the lack of monitoring information submitted.	1	4	4	Monitoring systems will be set up for delivery agents to input information into. This will be undertaken by the Council as Lead Partner. However, the risk of inputting the information will lie with the delivery agents. Regular monitoring and the offer of assistance will be in place to mitigate this risk.

Table 2 presents the operational, financial, reputational, legal and staffing risks that cannot be addressed at this time to allow for the delivery of required pipeline activities.

Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline				
Operational Risk				
Description	Prob	Impact	Value	Action to mitigate risk
Non-delivery of the proposed Argyll and Bute Enhanced Employability Pipeline. This would effectively mean no delivery of employability support through a managed pipeline hosted by Argyll and Bute Council for vulnerable individuals with multiple barriers across Argyll and Bute. This will have a negative effect on the Single Outcome Agreement (SOA) priority 5.6.3: Reducing inequalities through employment. It will also mean that delivery agents currently delivering employability services, seeking funding to provide additional activity, will be impacted in terms of their ability to draw funds into the area.	4	5	20	An effective pipeline requires a strong strategic focus from the lead organisation rather than being led by a pot of funding. Argyll and Bute Council would require to have the appropriate match funding to support the required staffing complement to manage and compliantly deliver the pipeline. While the ESF funding is seen as a welcome source of finance it is also viewed as a fund which introduces many complexities to pipeline operation.

Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)				
Operational Risk (continued)				
Description	Prob	Impact	Value	Action to mitigate risk
<p>At present the managed pipeline contains only the first three stages. The Scottish Government has advised in the initial response that all five stages should be included (even if not ESF funded). The Strategic Intervention as it stands is underdeveloped and needs a lot more work to develop a deliverable model which is risk assessed.</p> <p>Presently, the Council does not undertake a managed strategic delivery of Employability activity (or pipeline activity), and has no staff to develop the pipeline further – including working up the Strategic Intervention (if approved) into an Operation application.</p>	5	5	25	Would require a significant investment in staffing and revenue funding to mitigate this risk.
Financial Risks				
Description	Prob	Impact	Value	Action to mitigate risk
The Council's ability to deliver will be impacted by the shortfall of Council match funding.	5	5	25	In order to mitigate this risk, the necessary match funding for delivery staff would need to be secured from Argyll and Bute Council for pipeline delivery up to the end of December 2018. In addition, the in-house delivery of Adult Learning and Literacies service and associated match funding is not yet confirmed. Discussions are ongoing with Adult Learning and Literacies service to try and establish a model with will work for the service and be eligible under ESF.
<p>Ability to deliver due to non-availability of delivery agent match funding (procurement with match funding) particularly due to the 42% Employability Fund cut for Argyll and Bute for 2016/17.</p> <p>The Council will be required to sign off the match funding if the Strategic Intervention and Operation applications are to be fully approved. However, the amount of match funding from external delivery agents will only be known once the 'procurement with match' exercise has been undertaken.</p>	4	5	20	'Procurement with match' is a tender exercise therefore the Council cannot engage in detailed discussions with all potential bidders; although initial expressions of interest were invited and some have been received. However, in general the Council has no idea of what kind and value of bids will come forward – if any. However, what is known is that public sector cuts have hit this sector hard and it is not expected that the originally anticipated match funding is available. There is little the Council can do to mitigate this risk as it is purely external. The only alternative is for the Council to provide the required match, which is not available.

Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)				
Financial Risks (continued)				
Description	Prob	Impact	Value	Action to mitigate risk
Council spends money which it cannot reclaim from ESF due to non-achievement of milestones.	5	5	25	Actions to mitigate this risk cannot currently be undertaken as it is not yet known the role that milestones achievements will play in triggering claims, nor how milestones will be set. To officers' knowledge, milestone setting will take place once the Operation application is approved.
Delivery agents spend money which cannot be reclaimed due to non-compliance with financial record keeping.	4	5	20	This risk will be offset by staff managing the pipeline as well as assistance from the Council's European Team. However, the risk is external as the Council has no control but can only provide assistance and advice. Nevertheless, this is a risk to the Council as any financial impact on delivery agents will have a reputational risk for the Council.
Delivery agents spend money which cannot be reclaimed due to non-achievement of milestones/outputs/targets.	5	5	25	Actions to mitigate this risk cannot currently be undertaken as it is not yet known the role that milestones achievements will play in triggering claims, nor how milestones will be set. To officers' knowledge, milestone setting will take place once the Operation application is approved.
ESF is paid retrospectively which may affect the cash flow of delivery agents across Argyll and Bute.	5	5	25	No systems are in place to mitigate this risk which if realised could result in a reputational risk to the Council.
Reputational Risks				
Description	Prob	Impact	Value	Action to mitigate risk
Delivery agents spend money which cannot be reclaimed (could put some out of business)	5	5	25	The Council would not be able to financially assist delivery agents, but may be identified as been instrumental to that agent going out of business.

Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)				
Legal Risks				
Description	Prob	Impact	Value	Action to mitigate risk
<p>Non-compliance with Offer of Grant conditions either by Council or delivery agents (likely to be non-deliberate).</p> <p>The main issue here is lack of concrete guidance and a robust governance framework for the ESF funds. Currently awaiting further guidance from the Scottish Government State Aid Unit to get more information on how 'procurement with match' is notified under State Aid.</p> <p>Officers are not sure what the legal implications will be if 'procurement with match' does not result in the desired/anticipated levels of funding coming forward when services are procured.</p>	4	5	20	<p>A letter is being sent from the Highlands and Islands European Partnership (HIEP) Board to highlight to the Minister the lack of guidance available and the risk which local authorities are placing themselves in without the guidance.</p> <p>Officers have sought guidance from relevant Scottish Government departments e.g. the State Aid Unit to find out how 'procurement with match' will be handled under State Aid rules (have been advised that guidance will be issued).</p> <p>Officers have also sought advice from the Council's Procurement Team who have requested further guidance from the Scottish Government about how 'procurement with match' will work as it is a new concept.</p>
HR Risks				
Description	Prob	Impact	Value	Action to mitigate risk
<p>Staffing levels proposed for pipeline delivery are the bare minimum required (reflects budget available rather than budget required). It is expected that to cover the pipeline legal requirements, tendering, financial and performance management, as well as ensuring geographic coverage, the project management staff as per that submitted in the Strategic Intervention (detailed in the EDI Committee paper, 7th April 2016) is likely to be insufficient and inadequate for the level of scrutiny required.</p> <p>In terms of actual delivery, the geography of Argyll and Bute may make it impossible to deliver effectively with the proposed number of staff.</p> <p>Internal staff funded by ESF must spend 100 per cent of their time on ESF activity. This will need to be strictly adhered to.</p>	5	5	25	<p>Mitigation is constrained by budgets.</p>

6.0 CONCLUSIONS

- 6.1 With reference to the scale of the proposed pipeline stages one to three, outlined in the Strategic Intervention to the Scottish Government, Argyll and Bute Council has the opportunity to bring in additional investment to Argyll and Bute as a whole to achieve positive impacts for vulnerable residents. These impacts will be long term for both the participants and the wider community, such as:
- improved wealth and quality of life for participants;
 - breaking cycles of worklessness and deprivation;
 - increased availability of skilled staff;
 - improved health of participants through engagement, health interventions and the positive impact of moving into training;
 - providing a flexible base for activity and future growth, thus strengthening the economy; and
 - improving the overall sustainability across areas, thus ensuring Argyll and Bute is an attractive place to live, work, study and invest, including the reduction of public finances for support through benefits.
- 6.2 However, the benefits to be realised are substantially outweighed by the current availability of the required match funding (50% intervention rate) and the high levels of operational, financial, reputational, legal and staffing risks that cannot be addressed at this time as identified in **Table 2**. Unless the appropriate match is secured (internally and externally) and these significant risks can be mitigated, this opportunity will not be realised for Argyll and Bute.

7.0 IMPLICATIONS

- | | | |
|-----|------------|---|
| 7.1 | Policy | The Strategic Intervention fits and contributes to Outcome 3 and Outcome 5 within the SOA, 2013-2023. |
| 7.2 | Financial | There are a number of financial risks as outlined in Table 1 and Table 2 . The main financial issue is the lack of match funding available from Argyll and Bute Council and that from potential external providers. |
| 7.3 | Legal | All legal implications with regard to proposed Argyll and Bute Council actions will be taken into consideration. However, there is currently a lack of concrete guidance and a robust governance framework for the ESF funds. |
| 7.4 | HR | A total of four additional full-time staff (at a minimum) will be required to deliver the Argyll and Bute Enhanced Employability Pipeline Strategic Intervention. |
| 7.5 | Equalities | The Argyll and Bute Enhanced Employability Pipeline activities will comply with all Equal Opportunities policies and obligations. |

Appendix 1: Response to Scottish Government Queries, 24th May 2016

European Social Fund - Enhanced Employability Pipeline Lead Partner Responsibilities and Risks

The following feedback was received from the Scottish Government following the submission of the Argyll and Bute Council Enhanced Employability Pipeline (ABEEP). The red text provides the response provided to the Scottish Government by Council officers on 24/5/16. The blue text identifies the risks associated with each of the points raised by the Scottish Government.

I refer to the above Strategic Intervention that was submitted to the mailbox on Friday 13th May. I would be grateful if the application could be revised taking into consideration the following:

Expenditure profile to reflect the end date of 31 December 2018

The project has been financially profiled to fit the anticipated funding available and to fit with the Council's financial year end. We are unable to re-profile as suggested because at this stage we are unable to anticipate expenditure beyond this date.

See first Operational risk and first Financial risk in Table 1.

Review financial table and participant numbers as the cost per participant remains high

The cost per participant is likely to be higher in Argyll and Bute in comparison with other areas due to the complex geography of Argyll and Bute Council which includes 24 inhabited islands and various remote peninsulas. We are unable to provide economies of scale based on this and the fact that the client group will be dispersed around this geography. We anticipate that support under the ABEEP will require extensive travel including ferry travel and overnight stays to meet the ABEEP outcomes.

See first Operational risk and first Financial risk in Table 1.

At our meeting the team leader stated that a staged application would be acceptable and this should be noted in the application. The Managing Authority and Argyll & Bute Council can review progress together and develop the pipeline further and as a consequence could reduce the cost per participant for Phase 1.

Aims, objectives and proposed activities section states that "It is proposed that stages one to three of the pipeline are delivered over an initial two-year period. Consideration will then be given to the delivery of stages four and five after the mid-term review of ESF Enhanced Employability Pipeline support during 2018." This text indicates a staged application. It is not clear from the email response at what stage the indicated joint review will take place or further development of the pipeline, but we anticipate this to happen once the pipeline is up and running so that we can get a more accurate picture of how the pipeline runs and to enable refinements to be made (this will be the first managed pipeline in Argyll and Bute Council so we have no historic basis for building the current ESF Pipeline).

See HR risks in Table 1.

The outputs and results annex to be fully completed so that the outputs are recorded against 8i under Table 5 (half way down spreadsheet). The total males and females to be inserted. The Result "unemployed and inactive participants with multiple barriers entering education or training" totals the number of participants supported. This Result should only apply to participants that were not in education/training when they joined the operation and on exit move into further training out with the pipeline. Also consider inserting participants against the Results relating to participants in employment on exit (4 weeks after) and 6 months after exiting the operation.

Our aim is to deliver initially the first 3 stages of the pipeline at which stage we don't anticipate that most beneficiaries will be job ready – it is difficult to calculate how many will be. This process is new to Argyll and Bute Council so we have no statistics on which to base these figures. Stages 4 and 5 are currently not part of the managed pipeline.

See second Operational risk in Table 1.

Within Management Structure remove/reword ERDF in the last sub-heading.

Completed in Strategic Intervention application form.

The anticipated percentage of activities to be delivered by the 3rd sector

Of the total project cost of £3,011,454, we plan to procure (with match) £2,557,185 of activity which equals to 85% of the total. In terms of the amounts to be spent on delivery only, this equates to £2,864,809.

Procurement with match will be 89% of this total. Until the procurement exercise has been undertaken, we cannot say which percentage of this would be third sector delivery.

The delivery mechanisms to be applied such as flat rates +15%/40% and procurement and community based solutions to be included in Delivery Methodology.

Completed in Strategic Intervention application form.

Procurement section to detail the Procurement Team/Officer role in the SI/Operation process.

Completed in Strategic Intervention application form.

Publicity to include information on how you will ensure delivery agents adhere to publicity guidance and acknowledge ESF.

Completed in Strategic Intervention application form.

A management structure to be provided that evidences the staff/specialist involvement across the lead partner e.g. state aid, procurement, internal audit and where delivery agents/committees fit in to Operation activity and reporting. This can be forwarded with the Operation Application submission.

Will be forwarded with the Operation Application submission.

See HR risks in [Table 1](#).

Please forward to the mailbox strategicintervention@scotland.gsi.gov.uk by Friday 27th May:

- Strategic Intervention application;
- target outputs/results annex; and
- common text for employability.

After the Scrutiny & Risk Panel have considered and are content with the application it will be presented to the Managing Authority Approval Panel in mid-June.

I trust that the above is satisfactory.

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE****30 JUNE 2016**

**CONSERVATION AREA REGENERATION SCHEME (CARS) FUNDING
OPPORTUNITY**

1.0 EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to invite Members to give consideration to two potential bids for Conservation Area Regeneration Scheme (CARS) funding, for Dunoon and Rothesay town centres. In addition, Members are also invited to give consideration to the recommended financial commitment that would be required from the council in respect to Dunoon.
- 1.2. The focus of this report primarily relates to Dunoon. This is because a potential Rothesay CARS bid would form part of a wider Townscape Heritage (TH) project, the preparatory work for which is underway and which would not require any additional council commitment other than officer time. Should Members be supportive of a CARS bid for Dunoon however, consideration should also be given to a council match funding contribution of £0.5M.
- 1.3. The CARS scheme is funded by Historic Environment Scotland (HES) and serves to provide financial assistance for conservation area based regeneration initiatives. HES announced a 7th round of CARS funding on 24 May 2016, inviting applications to be submitted by 31 August 2016. As it is possible for a local authority to make multiple applications, Members are therefore asked to consider the submission of 2 applications to this round.
- 1.4. At the Council meeting on 26 June 2014, following an appraisal of potential CARS projects, Members agreed to commission preparatory work that would fully assess the condition of buildings within Dunoon's town centre, with the intention to follow up with a CARS bid. As this process identified Dunoon as a strong candidate for this funding stream, and as Rothesay is expected to be part of a wider TH project, that could operate without CARS funding, priority would be given to Dunoon in the event that HES request that a preference is stated.
- 1.5. Work has been undertaken to scope out the potential for a Dunoon TH, however further to discussions with Heritage Lottery Fund (HLF) it has been confirmed that such a submission would not be encouraged. A CARS project is therefore the only potential funding option for a regeneration project that would support the repair of privately owned property in Dunoon.
- 1.6. Cost analysis, based on substantial survey work, has informed the scale of project required to ensure a meaningful impact is made to Dunoon's town

centre. A £2M project is therefore recommended, which if supported would require an ask to HES of £1M. This size of project would require a financial contribution from the council of £0.5M with the remainder being met by private owner contributions. The project would run over a 5 year delivery period, 2017-2022.

- 1.7. Applications for CARS funding are subject to a competitive process. Whilst the council has successfully secured funding to assist with projects in Rothesay, Campbeltown and Inveraray in the past, there is however no guarantee that a bid to Round 7 would prove successful. The partnerships involved in the proposed Rothesay TH project and the significant wider Council-led investment in Dunoon should however serve to strengthen and add value to each potential respective bid.
- 1.8. Due to the relatively short timescale between the call from HES and the application deadline it was considered prudent to take a report directly to Council. Should a bid for Dunoon and Rothesay to HES be supported, officers will present the proposed schemes in detail to Bute and Cowal Area Committee in August for their endorsement prior to the submission deadline.

2.RECOMMENDATIONS

- 2.1. It is recommended that members:
- 2.2. Note the content of this paper.
- 2.3. Agree to make 2 submissions to HES for CARS funding, with the following asks of: £1M in respect to Dunoon, and £0.5M in respect to Rothesay.
- 2.4. Agree to a financial commitment of £0.5M from the council over a 5 year delivery period, between 2017 and 2022, towards a Dunoon CARS.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
INFRASTRUCTURE

30 JUNE 2016

**CONSERVATION AREA REGENERATION SCHEME (CARS) FUNDING
OPPORTUNITY**

3.0 INTRODUCTION

- 3.1. The purpose of this report is to invite Members to give consideration to making two bids for Conservation Area Regeneration Scheme (CARS) funding to Historic Environment Scotland (HES), for Dunoon and Rothesay town centres. In addition, Members are also asked to give consideration to making a financial commitment of £0.5M from the council in respect to Dunoon.
- 3.2. Through the CARS scheme, HES provide financial assistance for conservation area based regeneration initiatives and have invited submissions to their 7th Round by 31st August 2016. Should the bids be supported, an ask for £1M would be made in respect to Dunoon and an ask of £0.5M would be made in respect to Rothesay.
- 3.3. The focus of this report relates primarily to Dunoon. This is because a CARS project would be the only funding option to support the repair and enhancement of privately owned buildings within Dunoon's town centre, and which has been confirmed through discussions with HLF.
- 3.4. Rothesay, however, is currently subject to a Townscape Heritage (TH) development phase which will culminate in a second round submission to Heritage Lottery Fund (HLF) in March of next year for a five-year TH project. Although a CARS project for Rothesay would add substantial value to the TH and create greater investment potential, the Rothesay project could potentially operate as a standalone TH. With this in mind priority would be given to Dunoon should the council be asked by HES to state a preference. The TH funding would also act as match funding for any potential CARS bid and as such a financial commitment from the council is not required in respect to Rothesay.
- 3.5. Detailed preparatory development works were undertaken in Dunoon throughout 2015 and encompass survey analysis in relation to all properties on Argyll Street, including shopfronts. In addition, the comprehensive survey analysis of four buildings of particular architectural interest was undertaken, and detailed associated costs of repair produced. The scoping work also incorporated a consultation exercise to invite feedback from property owners and the community on the work to date.

- 3.6. In addition to the above, the consultants were commissioned to produce a Conservation Area Appraisal and Conservation Area Management Strategy, and to do this within the context of a conservation area boundary review. This work is also complete and currently subject to a statutory planning consultation process, which is due to conclude on 29 June 2016. Comments thus far have positively supported the proposed alterations.
- 3.7. A submission to HES would propose a £2M project for Dunoon. This is based on cost analysis with outcomes that would have the potential to deliver the restoration of buildings and shopfronts on Argyll Street, presenting opportunity to substantially lift the appearance of the principal shopping street and revitalise the town centre by encouraging higher levels of footfall. This would also strengthen the route between the Queens Hall and Burgh Halls and in turn add value to both projects. Discussions with HES have suggested that this is a realistic level of project and that an application for £1M would stand the best chance against competition. Within the context of a £2M project a £0.5M commitment would be required from the council over a 5-year delivery period, with the remainder being met by property owners.
- 3.8. It should be noted that applications for CARS funding are subject to a highly competitive process. Whilst the council has successfully secured funding to assist with projects in Rothesay, Campbeltown and Inveraray in the past, there is however no guarantee that bids to this round would prove successful.

4.RECOMMENDATIONS

- 4.1. It is recommended that members:
- 4.2. Note the content of this paper.
- 4.3. Agree to make 2 submissions to HES for CARS funding, with the following asks of: £1M in respect to Dunoon and £0.5M in respect to Rothesay
- 4.4. Agree to a financial commitment to the project of £0.5M from the council over a 5 year delivery period, between 2017 and 2022 towards a Dunoon CARS.

5.0 DETAIL

- 5.1. The CARS programme was established by HES in 2005 to provide financial assistance to area based regeneration and conservation area initiatives, for the protection of the historic environment. The CARS scheme can either

operate as a stand-alone initiative or as an additional funding stream in support of projects taken forward under the Townscape Heritage (TH) programme (previously known as the Townscape Heritage Initiative), which is administered by Heritage Lottery Fund (HLF).

- 5.2. A paper was seen by Policy and Resources Committee on 20 August 2015, which set out the opportunity for a second TH for Rothesay. A successful application to HLF followed, resulting in the award of development monies to progress proposals. Within both the aforementioned paper, and within a paper seen before Council on 21 April 2016, CARS funding was highlighted as being a source of funding that could potentially support and increase the potential TH investment and project deliverables. The second round application is due to be submitted to HLF in March 2017 for decision in June 2017. Should a CARS bid also be made for Rothesay, the TH funding would act as match.
- 5.3. There has been six CARS application rounds to date, which in total have awarded £33.49M of HES funding. Each CARS round has been assigned a different budget, ranging from £1.9M to £10M. Six towns benefitted from the most recent round, sharing a £6.4M budget. A £10M funding pot has been announced for this round.
- 5.4. Should Members agree to the submission of two bids, and should these prove successful, the projects would run from 1 April 2017 to 31 March 2022, with the Rothesay project being run as part of a wider TH. Each respective CARS would seek to provide financial assistance for conservation area based regeneration activities undertaken by property owners.
- 5.5. Subsequent to discussions with HES, a £1M ask is deemed to be the most realistic bid and is likely to have the best chance within what is expected to be a highly competitive round. The project has been developed to reflect this dialogue and therefore includes the scope and scale of that which is likely to stand the best chance of securing HES funding. Within the context of a £2M project, £0.5M would be required from the council, with potential for this to be added in at any point during the five year project duration. The remainder would be met by owner contributions.
- 5.6. A bid to HES would seek to make reference to the wider proposals for Dunoon to ensure that the council's commitment to strengthening the town's opportunity for economic development is reflected. A CARS project would therefore be promoted within the context of having potential to support and add value to the Queens Hall, Dunoon Primary School and pier projects. There is not however opportunity to use some of this significant council investment as match funding, so a dedicated council contribution is required.
- 5.7. In recent years, the council has committed between £0.2M and £0.5M to the CARS projects in Campbeltown, Rothesay and Inveraray.
- 5.8. The following table provides information on the successful Argyll and Bute awards to date.

Round	Town	Council Contribution	HES Award
1	Campbeltown	£200,000	£382,500
4	Rothesay	£500,000	£499,933
5	Inveraray	£350,000	£970,000
6	Campbeltown	£500,000	£990,000

- 5.9. The Campbeltown round 1 and Rothesay project are now complete, having delivered on time and within budget. The projects have successfully secured the following outcomes, which are illustrative of what such projects can achieve:

Campbeltown	Rothesay
<ul style="list-style-type: none"> • 17 shopfronts refurbished • 140 original timber windows refurbished • 75 grants offered, amounting to £650,000 • Work to 50 buildings • Taking other funders and owners contributions into account over £4m has been spent on buildings since 2007 (this includes the THI/CARS overlap period) • Over 40 local contractors involved to date. 	<ul style="list-style-type: none"> • 4 large tenements comprehensively restored • 1 gap site redeveloped • 10 shopfronts replaced/restored • 8 smaller scale repairs made • 4 construction jobs created as a direct result of the project • Over 2000 people actively engaged in a programme of training and events • £2.6M project, which taking account of private finance levered in resulted in over £4M spent in the town centre over a five year period - 2011 – 2016

- 5.10. Details on all HES awards can be found at the following: <http://www.historic-scotland.gov.uk/index/heritage/grants/conservation-area-regeneration-scheme.htm>

- 5.11. HES have made a total of 54 awards to date, with an average award of £620K, and a maximum award of £1.6M. Both the first Campbeltown and Rothesay CARS were part of larger THI projects, however the second Campbeltown and Inveraray projects are stand-alone CARS. Further to discussions with HLF and HES, it is proposed that a potential Dunoon CARS operate as a stand-alone project and that CARS funding is requested to support the proposed wider TH project in Rothesay.

- 5.12. As a CARS project is a heritage-led scheme, only buildings within conservation areas are eligible for grant. As such, the scoping work also included for the review of the conservation area boundary, with the result that an extension is proposed to include Dunoon town centre, specifically Argyll Street. The proposed boundary extension and accompanying Dunoon

Conservation Area Appraisal and Management Strategy are subject to a statutory planning process. This will include a period of public consultation and a Strategic Environmental Assessment (SEA). A report, recommending that the boundary extension and appraisal and management strategy documentation be subject to a period of public consultation, including relevant timelines and all other relevant planning regulatory aspects was seen before PPSL on 20 April 2016.

- 5.13. In addition to an award of £1M from HES and a council contribution of £0.5M, a Dunoon CARS project is also therefore predicated on the successful extension of the conservation area to encompass Argyll Street. If any of the aforementioned aspects do not happen, the project would not be able to proceed.
- 5.14. Should a bid for Dunoon and Rothesay to HES be supported, officers will present the proposed schemes in detail to Bute and Cowal Area Committee in August for their endorsement prior to the submission deadline.

6.CONCLUSION

- 6.1. There is no doubt that there is enormous benefit in securing funding for our towns and conservation areas via the CARS and TH funding programmes. This has been demonstrated by the success of the Campbeltown and Rothesay CARS projects, and also by the ongoing investment in Inveraray.
- 6.2. A Dunoon CARS project has the potential to assist in addressing some of the underlying issues affecting the built fabric of the town and to assist in the economic regeneration of Dunoon. Furthermore, it would have the potential to support, add value to, and protect the investment in the wider regeneration work, particularly in relation to strengthening the route between the Queens Hall and Burgh Halls.
- 6.3. Members are therefore asked to give consideration to both a Dunoon and Rothesay submission. The process is highly competitive however and funding is not guaranteed.

7.IMPLICATIONS

- 7.1. Policy – In order to meet the funding criteria, the conservation area boundary would have to be redrawn to include Dunoon's town centre, specifically Argyll Street. On 20 April 2016, PPSL Committee agreed that such an extension to the conservation area be consulted upon. This consultation is currently underway and will conclude on 29 June 2016. Comments to date have been supportive.

- 7.2. Financial – A financial commitment from the council is essential as part of a bid in respect to Dunoon and as such Members are asked to make a commitment of £0.5M between the period April 2017 to April 2022. In relation to Rothesay, the match funding would come from the TH and as such no additional resources are required other than officer time.
- 7.3. Legal – Contracts between the Council and HES would be entered into should awards be made.
- 7.4. HR – Submissions would be made by existing staff. Should these be successful in attracting awards, the Dunoon award would include for staff costs for a new dedicated CARS Officer position.
- 7.5. Equalities – None
- 7.6. Risk – Should the conservation area not be extended to include Argyll Street, it is unlikely that HES would accept a submission for CARS funding, as in this situation, the funding criteria would not be met. There is also a risk that due to the competitive nature of the process, an application could be unsuccessful.
- 7.7. Customer Service - None

Executive Director of Development and Infrastructure, Pippa Milne
Policy Lead Councillor Aileen Morton

4th June 2016

For further information contact:

Lorna Pearce, Senior Development Officer, 01700 501 374

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****30 JUNE 2016**

SERVICE CHOICES – THREE WEEKLY REFUSE COLLECTION

1.0 EXECUTIVE SUMMARY

- 1.1 Argyll and Bute Council agreed at its budget meeting in February to a number of policy changes to enable it to meet the reduction in revenue budget by some £10M for financial year 2016/17, with additional savings required for 2017/18 up to 2020. The range of policy changes is wide, including changes to refuse collection. The policy process is known locally to Argyll and Bute as Service Choices.
- 1.2 In order to progress a range of possible policy changes the Council put in place a Service Choices Project Board which consisted of Elected Members from the administration and opposition, Trade Union representatives, the Chief Executive and Executive Directors. The Project Board considered Service Choice options put forward by services. The Project Board decided which service choice policy options were to be recommended to Council for decision and to what extent policy changes were to be progressed. A range of consultation measures were carried out to canvas views of possible service choice options from staff and Trade Union members, members of the public and stakeholders.
- 1.3 The policy options agreed by Council at the February budget meeting are in the process of being implemented and in some cases have already been implemented. Within Roads and Amenity Services, 3 weekly refuse collections and where practical double shifting was agreed as a policy change.
- 1.4 The changes to refuse collections were designed to help reduce the amount of waste to landfill which reduces process costs, landfill tax (£84 per tonne) and moves towards Scottish Governments 2020 target of zero waste to landfill by encouraging individuals to place a greater percentage of material in the recycle stream. The policy also enables a reduction in the number of Refuse Collection Vehicles in the fleet thus contributing towards the necessary savings.
- 1.5 There is significant scope to reduce general waste to landfill as demonstrated by composition analysis carried out in Dunoon and Islay which confirmed that over 49% and 36% respectively of material placed in the general waste bins could be recycled. Whilst the policy modifies the frequency of general waste collections the collection of recycled materials will remain at two weekly and additional bins will be provided to households who generate more than one bin of recycled material.
- 1.6 It is recommended that members endorse the operational service procedure appended to this report.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

JUNE 2016

SERVICE CHOICES – THREE WEEKLY REFUSE COLLECTION

2.0 SUMMARY

- 2.1 This report proposes an operational service procedure which provides operational detail to support the policy that Council agreed at its meeting on 11 February 2016 as part of Service Choices.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that members endorse the operational service procedure appended to this report.

4.0 DETAILS

- 4.1 As part of the Council's Service Choices process which was put in place to deal with a revenue reduction of approximately £10M for this financial year with further reductions for subsequent years, Council agreed a policy of three weekly bin collections with alternative shift patterns. This policy was designed to minimise general waste to landfill, reduce the number of refuse collection vehicles required to deliver the service, and contribute towards the savings that are required as a result of the available revenue budget to Council.
- 4.2 The Council currently commits 30,000 tonnes of waste to landfill every year. Composition analysis carried out in November 2014 in Dunoon and Islay confirmed that the contents of general waste bins (green) included 49% and 36% respectively of material that could have been recycled. Each tonne of general waste costs the Council in processing and transportation costs, £84.40 in landfill tax which goes to Scottish Government. In addition to this, landfill sites need to be monitored and managed to comply with environmental regulations in perpetuity, the full costs of which are unknown and potentially could increase should environmental requirements increase.
- 4.3 Scottish Government, working together with Zero Waste Scotland, are looking to introduce a zero biodegradable waste to landfill policy from 2020. The full details of

this initiative have yet to be finalised. However, the proposals set out in this report help to reduce general waste to landfill.

- 4.4 At the April meeting of the ED&I Committee it was agreed that the Council would take no immediate action regarding the Household Recycling Charter and Code of Practice. It was proposed that the take up of the Charter be monitored across Scotland and a further report be brought to the ED&I Committee as part of the revised to the waste strategy. It should be noted that the Charter would have significant financial implications for a rural authority like ours.
- 4.5 The policy now agreed commits to three weekly general collections, whilst maintaining two weekly co-mingled recycling collections with the Helensburgh and Lomond area also receiving food and glass collections (government requirement due to population size in Helensburgh, currently no other areas requiring food waste to be collected). Since the policy was agreed, discussions have been ongoing with Trade Unions and affected staff regarding shift patterns and rotas that will be required to actually deliver the policy. The current proposal is that Helensburgh, Dunoon and Oban go to a two shift pattern which is essentially a 6am - 2pm and 2pm - 10pm shift with Mid Argyll, Bute, Mull and Islay working a four day shift pattern and Campbeltown and the remaining islands maintaining their existing shift patterns. These arrangements have been firmed up following discussions with Trade Unions and reflect the different service demands and logistical challenges that we have across our varied geography.
- 4.6 This report introduces an operational service procedure which provides the detail to support the policy agreed at the February budget meeting. In summary, the operational service procedure includes information on the following:
- Wheeled bin identification
 - Green bin/household waste
 - Blue bin/mixed recyclables
 - Grey bins/glass
 - Nappies and sanitary pads
 - Repair or replacement of domestic wheeled bins or food caddies
 - Presentation of wheeled bins or caddies
 - Wheeled bins or caddies on the public footpath/highway
 - Excess waste
 - Bins not put out for collection
 - Contaminated bins
 - Assisted collection service
 - Alternative disposal points for domestic waste
 - Designated collection point
 - Service disruption
 - Criteria for use of second green bin
 - Lawn composting
 - Waste from commercial premises
- 4.7 Where households already have a second green bin, the assessment criteria detailed in the operational service procedure will be applied. Any households who have purchased from the Council a second green bin since the policy decision was

put in place on 11 February 2016 to the current date will be entitled to a full refund on surrender of their second bin.

5.0 CONCLUSION

5.1 This report sets out the operational service procedure to support the three weekly refuse collection policy that was agreed on 11 February 2016. This operational service procedure will be available on the Council website for members of the public to access.

6.0 IMPLICATIONS

6.1	Policy	This report supports the policy agreed by Council on 11 February 2016.
6.2	Financial	The above mentioned policy has been designed to reduce waste to landfill and reduce the Council's cost in collection, processing and disposal of general waste.
6.3	Legal	None known
6.4	HR	Ongoing discussions with Trade Unions
6.5	Equalities	The Operational Service Procedure includes provision for assisted bin pull-outs.
6.6	Risk	None
6.7	Customer Services	None

Executive Director of Development and Infrastructure Pippa Milne
Policy Lead Councillor Ellen Morton
June 2016

For further information contact: Jim Smith, Head of Roads and Amenity Services
Tel: 01546 604324

APPENDICES

Appendix 1 – Three weekly refuse collections – operational service procedure



DEVELOPMENT AND INFRASTRUCTURE SERVICES

Three Weekly Refuse Collection

Operational Service Procedure

Author	Amenity Performance Manager
Owner	Head of Roads & Amenity Services
Date	June 2016
Version	1.2

1. Objectives

Argyll and Bute Council is committed to increasing recycling

By recycling more we are helping to save the planet's natural resources, save energy, reduce landfill costs and reduce the effects of climate change.

2. Introduction

From date tbc for launch we will operate a new waste collection model for householders which has an even greater focus on our key priority – recycling.

We will now collect general waste (the green bin) on a three-weekly basis and recyclable waste (blue bin) fortnightly. Where we collect food waste and glass we will continue to collect at the published frequency.

This document sets out our procedures and the standards we expect to achieve for our residents.

Public Health

We sought public health advice from the Scottish Environmental Protection Agency (SEPA) when we were thinking about a three-weekly model. They advised us and other councils that there should not be any increased risk to public health as long as the existing common sense standards are followed: wrapping waste and keeping the lid of your bin firmly closed.

3. Wheeled bin identification

Our waste team needs to be able to identify which bin belongs to which property so that we can track and monitor waste collections and identify where improvements can be made. We would encourage people to clearly mark their bins with their house name or number within two months of the new waste collections starting.

4 Green bins for general household waste

Green bins are for household waste that cannot be recycled in any of the other bins we provide.

Every household gets one green (general waste) bin.

5. Blue bins for mixed dry recyclables

We provide a blue bin for mixed dry recyclables. This bin can either be 140 or 240 litres depending on what the customer needs.

Mixed recyclables are:

- paper
- cardboard
- aluminium cans
- tins
- plastic cartons.

The blue bin is not for glass, food waste or polyethene wrap or carrier bags.

Further information on what may be recycled can be found on the council website at:

www.argyll-bute.gov.uk/planning-and-environment/recycling

6. Grey bins for glass

Where we are able to collect glass we provide a grey bin.

We can't provide this service across all of Argyll and Bute because it just isn't cost effective to do so, but we do provide customers with another option. You can take your glass to a number of bottle banks or to your local civic amenity site.

Information on where these sites are is also available on the website at:

www.argyll-bute.gov.uk/planning-and-environment/recycling

Only glass bottles and jars can be recycled.

Other glass items don't break down in the same way so can't be recycled.

7. Green caddies for food waste

In Helensburgh and Lomond we also provide a caddy (small bin) for food waste. This is a government requirement due to the population in Helensburgh.

You need to use bin liners in the food waste bin; these can be sourced from the Civic Centre, Helensburgh Library and the Victoria Halls.

Like the glass collections we can't provide this service in the rest of the area because the rural geography makes it both impractical and very costly.

8. Nappies and other sanitary items

We would ask people, in the interests of hygiene, to take a common-sense approach to binning nappies and other sanitary items by securely bagging them before placing them in their green bin.

9. If your bin is lost, stolen or damaged

If we damage any of your bins in the course of our work then we will, of course, repair it where possible or replace it if necessary.

If your green bin is lost or damaged you will have to pay to have it repaired or replaced.

We will repair or replace any lost, stolen or damaged recycling bin free of charge. We don't charge for this because we want to maximise recycling and reduce the amount of waste going to landfill.

10. Putting your bins out

On your scheduled collection day we would ask that you put your bin out at the kerbside by 6am in Helensburgh, Oban and Dunoon and by 7.30am in all other areas, with the lid properly closed.

Please try and put your bin at the side of the footpath so it isn't causing an obstruction.

If your bin is found to be repeatedly causing an obstruction we'll give you a call to see if there is any way we can help you put your bin out safely.

We would ask people to put their bins out in the morning rather than the night before but understand that this may not be possible for everyone.

Our waste teams start work early to get round their routes; if your bin isn't out in time they won't have time to come back for it later.

If your bin is overloaded then we won't be able to empty it. If it's too heavy our waste team could hurt themselves moving it and it could damage the lifting machinery on the bin lorry.

Extra waste will also fill the lorry up quicker, meaning there is no room for other peoples' bins to be emptied.

We would ask that our customers be considerate and not overfill their bins. For the same reasons we will not take additional waste left in boxes, bin bags etc. at the side of the bin.

If your collection day needs to change we will put information out well in advance.

11. Collections on unadopted roads

We will collect bins from unadopted roads providing that the road is safe for the bin lorry.

The driver will decide on the day whether the road is safe.

If your road is found not to be safe then we will arrange with you a suitable collection point, most likely at the end of your road where it joins the public highway.

12. Contaminated bins

Contaminated means that the recycling bin has items in it which can't be recycled. We can't take bins with non-recyclable items because the entire lorry load would then be rejected when we take it to the recycling plant, meaning it would have to go to landfill, defeating the purpose and incurring a hefty charge to the council.

The more fines we get for contaminated lorry loads and the more we have to pay in landfill costs the less money we have to deliver other council services that people rely on.

If your bin is contaminated we will put a tag handle to let you know. We would ask that you remove the offending items before next putting your bin out.

13. Assisted collection

Some people may be physically unable to put their bins out safely. If you are someone who struggles with your bin then we have a service to help you.

Please call 01546 605514 and speak to one of our helpful customer service agents about an assisted collection service. Once you fill in an application one of our officers will visit you and see what they can do to help.

If it's found that you do need a little extra help we'll agree with you a suitable location for your bins to be emptied from and returned to. To make sure everything is operating as it should do and you're getting the help you need, we'll review this on an annual basis.

Of course if you have any problems before your annual review please don't hesitate to get in touch with us.

14. Other options

Other options for residents include:-

You can also take your waste to any of our civic amenity sites. Often people will do this when they have a lot of extra waste coming from a clear out, garden work etc.

Going to the recycling pages on the council website shows the location of the sites:

www.argyll-bute.gov.uk/planning-and-environment/recycling

You can also arrange a special uplift, which comes at a cost because it is an additional service. Please call 01546 605514 to arrange this.

15. Service Disruptions

If we are having any problems emptying your bin then we'll let you know through our website, Facebook and Twitter.

Disruption can be caused by the weather, road closures, vehicle breakdowns and other circumstances outwith our control.

If a scheduled service is disrupted we would ask you to put your bin out for 6am the next day (even if the next day is a Saturday) until advised otherwise.

16. Second green bins

We don't encourage the use of second green bins because our focus is on recycling, however, we understand that, for some people, a second general waste bin may be needed.

You can apply for a second green bin by calling our helpful customer service staff on 01546 605514. If your enquiry can be dealt with over the phone it will be but if not then one of our officers will visit you and see what we can do to help.

If you are eligible for a second bin then this will be provided free of charge.

Generally speaking we will consider a second green bin if:

- There are five or more people in your household
- Someone in your household has a medical condition which means more waste is generated

Your second green bin will be identified as such by a red lid.

We'll review this on an annual basis to make sure your second bin is still needed. If it's found that your second green bin is being used for recyclables rather than general waste we will remove it and encourage you to use your blue bin for recycled material.

If you feel your current 140litre green bin isn't big enough we will provide you with a 240litre one instead.

17. Home composting

We would encourage people to compost suitable garden and uncooked vegetable waste. More information on home composting is available at:

www.argyll-bute.gov.uk/content/home-composting-advice

18. Commercial waste

We collect commercial waste but charge for it. This is because commercial properties don't pay council tax.

More information on this is available on our website at:

www.argyll-bute.gov.uk/forms/commercial-waste-enquiry-form

Like householders, we would encourage businesses to recycle their waste where possible.

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ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

**EMPLOYABILITY SERVICE CONTRACT – RECOMMENDATIONS FROM
PERFORMANCE REVIEW AND SCRUTINY COMMITTEE**

1.0 INTRODUCTION

- 1.1 The Performance Review and Scrutiny (PRS) Committee have undertaken a scrutiny review on the Employability Service Contract and have produced a report and agreed a number of recommendations which are now presented to Council for consideration.

2.0 RECOMMENDATION

- 2.1 Council is requested to consider the contents of the report and the recommendations contained therein which is attached as Appendix 2.

3.0 DETAIL

- 3.1 At the Special Meeting of the PRS Committee held on 18th March 2016, it was agreed that the Committee would undertake a scrutiny review of the Employability Service Contract. At this meeting, the Committee also agreed a terms of reference for the review and an anticipated timescale.
- 3.2 The PRS Committee held a scrutiny workshop session in Dunoon on 26th April 2016. At this workshop officers from Economic Development were in attendance and presented information to the Members of the Committee. Following this presentation, Members then undertook a scrutiny session where they asked questions of the officers in attendance. This feedback then allowed the Members to formulate a view during a closed session.
- 3.3 The Chief Internal Auditor then prepared a report which detailed the discussion at the workshop session, and this was circulated to Members for their comment. The report was then submitted to the meeting of the PRS Committee held on 26th May 2016, and the following recommendation was agreed:-

The Committee approved the report and the recommendations contained therein for submission to the next meeting of Council for consideration.

4.0 CONCLUSION

4.1 Following the scrutiny review undertaken by the PRS Committee on the Employability Service Contract, the attached report is submitted for consideration by Council.

5.0 IMPLICATIONS

- 5.1 Policy None
- 5.2 Financial None
- 5.3 Legal None
- 5.4 HR None
- 5.5 Equalities None
- 5.6 Risk None
- 5.7 Customer Service None

Douglas Hendry
Executive Director of Customer Services
3 May 2016

For further information contact:

APPENDICES

Appendix 1 – Extract Minute from meeting of Performance Review and Scrutiny Committee held on 26th May 2016.

Appendix 2- Report on Employability Service Contract approved by Performance Review and Scrutiny Committee at the meeting held on 26th May 2016.

ARGYLL & BUTE COUNCIL
CUSTOMER SERVICES

**PERFORMANCE REVIEW AND
SCRUTINY COMMITTEE**
13 AUGUST 2015

**EXTRACT OF MINUTE PERFORMANCE REVIEW AND SCRUTINY COMMITTEE HELD
ON 26 MAY 2016**

PERFORMANCE REVIEW AND SCRUTINY COMMITTEE HELD ON 26 MAY 2016

* **8. EMPLOYABILITY SERVICE CONTRACT**

Decision

The Committee approved the report and the recommendations contained therein for submission to the next meeting of Council for consideration.

(Reference: Chief Internal Auditor, dated 26 May 2016, submitted).

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EMPLOYABILITY SERVICE CONTRACT

1.0 EXECUTIVE SUMMARY

- 1.1 The Performance Review and Scrutiny Committee has delegated powers in terms of the Scheme of Administration and its Terms of Reference. This includes responsibility for scrutiny in relation to commenting on decisions and policies agreed by the Council and other committees, and the impact they have on Argyll and Bute as an area, and making recommendations as appropriate.
- 1.2 Good Scrutiny provides a critical friend challenge to decision makers, enables the voice of the public and should be for the purpose of driving improvement.
- 1.3 At a special meeting of the PRS Committee 18 March 2016, the Committee agreed a formal scrutiny review of the Employability Service be undertaken. Terms of Reference were also agreed, the purpose and objectives being:
- 1) To examine the financial management of Employability service including governance and reporting arrangements,
 - 2) To make recommendations for improvements.
- 1.4 The overarching remit of the Employability service is to assist long term unemployed people into sustainable employment. Over the past 15 years, the team has assisted approximately 2,450 people access long term employment.
- 1.5 In respect of social benefit and initiative success the Committee acknowledges that the service is recognised as performing well. The Committee further notes that unlike other local authorities, the Employability service is not core funded. Notwithstanding this success, Members of the Committee have specific concerns regarding financial management, governance and reporting arrangements.
- 1.6 A workshop session was held on 26 April 2016 with members of the Committee and officers from the Economic Development and Strategic Transportation services together with officers from Strategic Finance.
- 1.7 This report provides comments and recommendations arising from the Committee's scrutiny activity which included officer presentations, responses from workshop question and answer sessions and a review of available documentation.
- 1.8 Recommendations made cover a number of areas and are underpinned by a requirement to ensure robust procedures and arrangements are in place which allow for effective, timely monitoring and reporting both at operational and Member level.

EMPLOYABILITY SERVICE CONTRACT

2.0 INTRODUCTION

2.1 This report provides comments and recommendations arising from the Committee's scrutiny of the Financial Management, Governance and Reporting arrangements in respect of the Council's Employability Service contract.

3.0 BACKGROUND**3.1 Overview**

3.1.1 The Employability team in Argyll and Bute supports the long term unemployed and helps people to access skills, training and jobs. The former Executive Committee of the Council agreed in June 2011 that the Argyll and Bute Employability team would deliver the UK Government's Work Programme and gave approval to enter into a contract with Working Links to enable the team to deliver the work of the programme throughout Argyll and Bute, part of West Dunbartonshire, the Highlands, Western Isles, South West Inverness and Nairnshire.

3.1.2 The Financial Model associated with the delivery of the programme was configured in a way that the Employability team gains the majority of its funding from Contract income with only a very small £3k revenue contribution from the Council. In the paper to Executive Committee June 2011 it refers to a "*cost neutral service*". Further reference is made to "*sufficient reserves to cover a short-fall in customer income for a period of 18 months to cover redundancy costs for the whole team*".

3.1.3 In the same paper, a risk strategy is outlined which covers a range of potential risks. Exit Strategy mitigations are noted as being "*A robust financial model is in place as a key element of the business plan for the delivery of the work programme which will enable the Employability Team Manager to review performance on an ongoing basis with key trigger points with regard to potential exit from the contract and associated costs.*"

3.1.4 From the outset of the programme in 2011/12 through to 2014/15 expenditure consistently exceeded income. Total deficit from the same period was in the region of £715k with in year deficits ranging from £108k to £294k.

3.1.5 In order to fulfil the commitments of the contract until the end of 2017/18, the Council were requested to approve a request for an additional £456k (inclusive of redundancy payments) to be covered by Argyll and Bute's general fund as a one-off obligation.

3.2 Issue 1 – Financial Management

3.2.1 During the course of the Committee’s scrutiny, it became apparent that financial management arrangements were very weak. The Committee has identified a number of areas which in their view give cause for concern:

- Interaction between service staff and strategic finance staff was minimal throughout the first 3 years of the initiative. This was due to the external (Contract Income) funding nature of the programme which resulted in this area not being subject to the same robust monitoring and forecasting protocols associated with revenue budget activity.
- Roles and responsibilities were not clearly defined. This was further complicated by considerable staff turnover within the service during the period. This contributed to a perceived lack of ownership which resulted in a clear lack of challenge or investigation into underlying reasons for the adverse outturn position. It is not clear who held budget holder or financial responsibility.
- The aim of being self-funding as stated in the Executive paper of 2 June 2011 was never achieved in respect of Income and Expenditure. The Committee view is that the availability of off-setting reserve funds appears to have diluted the importance of this objective.
- Despite reference to an exit strategy and associated mitigations including robust financial monitoring and key trigger points, the Committee is not assured that sufficient review activity or management action was undertaken for the first 3 years of the programme. The Committee does acknowledge that some financial cost reduction activity commenced in financial year 14/15 and that there was improved interaction between Strategic Finance and Service staff, however, by this time year on year deficits of £130k, £182k and £108k had been recorded.
- The contract has been referred to as being “commercial” in nature. Given this interpretation the Committee is disappointed to note a lack of some basic financial protocols such as management accounts, financial analysis of income streams, expenditure review and cash flow forecasting.
- During the course of the Committee’s scrutiny it has been suggested that the funding model was perhaps flawed from the outset. A complex client base together with the rural nature of the area covered meant that income generation was more difficult to achieve in the latter years and expenditure was inherently higher than similar “urban” type initiatives. The Committee is disappointed to note that no escalation in financial monitoring took place despite an awareness of these issues.

3.3 Issue 1 – Recommendations

3.3.1 The Council should request officers to review financial monitoring protocols in

place for dealing with externally funded initiatives to ensure that Services and Strategic Finance have a coordinated and consistent approach.

Any such approach should ensure management and Members are fully sighted on initiative status including outturn position, any cost and demand pressures, compliance or otherwise with award / contractual criteria and performance with agreed financial aims, i.e. breakeven, cost neutral, return on investment.

- 3.3.2 The Council should request officers to review roles and responsibilities to ensure these are clearly defined and to further ensure that should there be any staff turnover, continuity and information flow is not compromised.
- 3.3.3 The Council should request officers to review its business case process to ensure that financial modelling is robust and that any associated risk is actively managed and reported.

3.4 Issue 2 – Governance and Reporting Arrangements

- 3.4.1 Governance and Reporting arrangements at Strategic and Operational level can be described as ad-hoc. The Committee was unable to determine whether a programme of reporting had been agreed or discussed. Concern was raised in relation to adequacy, profile, recording and timeliness.
- 3.4.2 There was a clear lack of formal reporting of key financial milestones and/or trigger points. Over the period June 2011 through to August 2015 there was only one specific report to Council or a Committee of the Council on Employability service. This was in January 2013 which did reference a potential red risk in relation to income generation however did not provide any detailed commentary in the body of the report and did not reference a first year deficit of approximately £130k or indeed a potential in year deficit of £182k.
- 3.4.3 During the course of the scrutiny it was intimated to members that Governance was partially covered by means of reference to performance reporting which took place via the PRS committee. This is a headline performance report which is also discussed at DMT, SMT and Area Committee. The Committee acknowledge reference is made to team challenges within a substantial document pack, however, reject the view that this provides adequate governance and furthermore do not accept that the narrative provided draws sufficient profile or importance to the significant underlying issue.
- 3.4.4 Service staff have acknowledged, with hindsight, that reporting to the Council should have been on a more regular basis and the Committee concur with this view.
- 3.4.5 In the June 2011 paper, a comprehensive risk assessment is appended to the report. Income generation, support from the Council and an exit strategy are identified and classified as risks, unfortunately, there does not seem to have been any further reference, update or reporting of these risks on an on-going basis.
- 3.4.6 In the January 2013 Paper to Council, a performance update was given which

provided comprehensive data in relation to outcomes. Specific reference was made to job outcomes being essential to the financial sustainability of the service in the medium and longer term. The report then refers to indicative internal outcomes targets being set to assist with monitoring sustainability. During the review the Committee was able to ascertain that no further follow up activity took place in relation to this important control.

- 3.4.7 Also contained within the January 13 report is reference to a robust financial model which will enable performance to be reviewed on an on-going basis with key trigger points with regard to exit from the contract. Again during the review it was ascertained that the service did not follow up the noted action and no formal review activity took place.
- 3.4.8 Officers made reference to discussions taking place at Departmental Management Team (DMT) level however these discussions did not lead to any form of strategic reporting.

3.5 Issue 2 – Recommendations

- 3.5.1 The Council should request that officers give consideration to development of standard governance and reporting protocols for these types of contracts or projects. As part of this consideration, the development of a reporting format should be defined to ensure that financial objectives and outcomes are given appropriate weighting. Consideration should also be given to the reporting requirements at both operational and strategic level.
- 3.5.2 The Council should request that officers give consideration to tracking and /or monitoring of actions which are outlined in reports to Members to ensure that these are undertaken and /or where plans have changed, appropriate agreement / authorisation is evident.
- 3.5.3 The Council should request that officers give consideration to current performance reporting arrangements, specifically whether this method allows issues of material importance to be drawn to the attention of members.

4.0 RECOMMENDATIONS

- 4.1 The Council should request officers to review financial monitoring protocols in place for dealing with externally funded initiatives to ensure that Services and Strategic Finance have a coordinated and consistent approach.

Any such approach should ensure management and Members are fully sighted on initiative status including outturn position and variation from forecasts, any cost and demand pressures, compliance or otherwise with award/contractual criteria, performance with agreed financial aims, i.e. breakeven, cost neutral, return on investment.

- 4.2 The Council should request officers to review roles and responsibilities to ensure these are clearly defined and to further ensure that should there be any staff turnover, continuity and information flow is not compromised.

- 4.3 The Council should request officers to review its Business case process to ensure that financial modelling is robust and that any associated risk is actively managed and reported.
- 4.4 The Council should request that officers give consideration to development of standard governance and reporting protocols for type of contract or project. As part of this consideration, the development of a reporting format should be defined to ensure that financial objectives and outcomes are given appropriate weighting. Consideration should also be given to the reporting requirements at both operational and strategic level.
- 4.5 The Council should request that officers give consideration to tracking and/or monitoring of actions which are outlined in reports to Members to ensure that these are undertaken and/or where plans have changed, appropriate agreement/authorisation is evident.
- 4.6 The Council should request that officers give consideration to current performance reporting arrangements, specifically whether this method allows issues of material importance to be drawn to attention of members.

5.0 CONCLUSION

- 5.1 The Employability service is acknowledged as being successful in terms of outcomes achieved. However during the course of the Committee's scrutiny a number of material issues were identified, which regardless of outcome success, are of significant concern to members of the Committee. Financial management arrangements were deemed weak with minimal basic reporting controls in place. Insufficient profile or importance was given to consistent year on year six figure deficits. Governance and reporting arrangements were poor with limited reference to issues arising. Any available commentary in relation to any challenges facing the service did not make clear any financial trends and their implications.

6.0 IMPLICATIONS

- 6.1 Policy: Potential revisions to year end flexibility policy in respect of control account governance.
- 6.2 Financial: None
- 6.3 Legal: None
- 6.4 HR: None
- 6.5 Equalities: None
- 6.6 Risk: The Council must ensure that when entering into contractual obligations, appropriate due diligence is undertaken which, although not an exhaustive lists, covers topics such as financial modelling, roles and responsibilities and

where appropriate, shared risk arrangements.

6.7 Customer Service: None

26 May 2016

For further information contact: Kevin Anderson, Chief Internal Auditor,
Tel 01369 708505

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ARGYLL & BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

**EXTRACT OF MINUTE OF MID ARGYLL KINTYRE & THE ISLANDS AREA
COMMITTEE HELD ON WEDNESDAY 6 APRIL 2016**

*** 16. LEASE OF LIFEBOAT STATION SITE AT OLD QUAY, CAMPBELTOWN TO
THE ROYAL NATIONAL LIFEBOAT INSTITUTION**

The Committee considered a report advising of a request from the Royal National Lifeboat Institution (R.N.L.I.), to extend its lease, of the Old Quay lifeboat station site at Campbeltown, for a further 21 years.

Decision

The Committee:

1. noted the contents of the report and agreed that it can be demonstrated that a lease at less than best consideration to the R.N.L.I. is justified as it:-
 - (a) makes best use of public resources, including land and property;
 - (b) contributes to two of the four purposes stated within the Disposal of Land by Local Authorities (Scotland) Regulations by demonstrating responsiveness to the health and social wellbeing of the communities and citizens; and
 - (c) provides necessary national maritime rescue cover.

2. agreed to recommend to the Council that the R.N.L.I. is granted a 21 year extension of its existing lease with the option of Tenant only breaks after 7 and 14 years, at a nominal rental of One Pound (£1) per annum, if asked, on the basis that the R.N.L.I. contributes to the health and social wellbeing of the local community as per the Disposal of Land by Local Authorities (Scotland) Regulations 2010

(Ref: Report by Executive Director of Customer Services, dated 6 April 2016, submitted.)

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ARGYLL AND BUTE COUNCIL

MID ARGYLL, KINTYRE AND THE
ISLANDS AREA COMMITTEE

CUSTOMER SERVICES

6 APRIL 2016

**LEASE OF LIFEBOAT STATION SITE AT OLD QUAY, CAMPBELTOWN TO THE
ROYAL NATIONAL LIFEBOAT INSTITUTION**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to advise the Committee of a request received from the Royal National Lifeboat Institution (R.N.L.I.), to extend its lease, of the Old Quay lifeboat station site at Campbeltown, for a further 21 years.
- 1.2 THE R.N.L.I also requests that the Council allow it the option of Tenant only breaks at the end of the seventh and fourteenth years in order to provide some flexibility of tenancy.

The Harbourmaster has been consulted and is supportive of the proposal. The Campbeltown Regeneration Project Manager has also been consulted and has no comment to make.

- 1.3 It is recommended that the Committee agrees to recommend to the Council that the R.N.L.I is granted a 21 year extension to its existing Lease, with the option of Tenant only breaks at the end of the seventh and fourteenth years, at a nominal rent of £1 per annum, if asked, on the basis that in terms of the Disposal of Land by Local Authority (Scotland) Regulations 2010 the R.N.L.I. contribute to the economic development, regeneration and health and social wellbeing of the local community.

ARGYLL AND BUTE COUNCIL

MID ARGYLL, KINTYRE AND THE
ISLANDS AREA COMMITTEE

CUSTOMER SERVICES

6 APRIL 2016

**LEASE OF LIFEBOAT STATION SITE AT OLD QUAY, CAMPBELTOWN TO THE
ROYAL NATIONAL LIFEBOAT INSTITUTION**

2.0 INTRODUCTION

- 2.1 The purpose of this report is to advise the Committee of a request received from the Royal National Lifeboat Association (R.N.L.I.) to extend its lease of the lifeboat station site at the Old Quay, Campbeltown for a further twenty one years until the 19th March 2036.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the contents of this report and agrees that it can be demonstrated that a lease at less than best consideration to the R.N.L.I. is justified as it:-
- (a) makes best use of public resources, including land and property;
 - (b) contributes to two of the four purposes stated within the Disposal of Land by Local Authorities (Scotland) Regulations by demonstrating responsiveness to the health and social wellbeing of the communities and citizens; and
 - (c) provides necessary national maritime rescue cover.
- 3.2 That the Committee agrees to recommend to the Council that the R.N.L.I. is granted a 21 year extension of its existing lease with the option of Tenant only breaks after 7 and 14 years, at a nominal rental of One Pound (£1) per annum, if asked, on the basis that the R.N.L.I. contributes to the health and social wellbeing of the local community as per the Disposal of Land by Local Authorities (Scotland) Regulations 2010.

4.0 DETAIL

- 4.1 The R.N.L.I. presently occupies the Old Quay site in Campbeltown. This arrangement dates from 1995 when a 20 year lease was granted for the purpose of erecting a two storey lifeboat station on the site. That lease expired on the 20th March 2015 and has since continued on a year to year basis. The R.N.L.I. now asks that Argyll and Bute Council extend its

original lease until the 19th March 2036 at a nominal rental of One Pound (£1) per annum, if asked, with the option of Tenant only breaks after 7 and 14 years in order to provide it with a degree of flexibility.

- 4.2 The Harbourmaster has been consulted and is supportive of the proposal. The Regeneration Project Manager has also been consulted and has no comment to make.

5.0 CONCLUSION

- 5.1 Given the circumstances surrounding this proposal and the fact that:-

An assessment in accordance with the guidance issued in respect of The Disposal of Land by Local Authorities (Scotland) Regulations concluded that an extension of the R.N.L.I. existing lease at a nominal rent is justified as it:-

- (a) Makes best use of public resources, including land and property;
- (b) Demonstrates responsiveness to the health and social wellbeing of Communities and citizens; and
- (c) Provides necessary national maritime rescue cover.

It is therefore recommended that the Royal National Lifeboat Institution be granted a 21 year extension to their existing lease with Tenant only breaks after 7 and 14 years at an annual rental of £1 per annum, if asked.

6.0 IMPLICATIONS

- 6.1 Policy

None

- 6.2 Financial

Capital receipt of £1 per annum if asked.

- 6.3 Legal

Compliance with the requirements of section 74 of the Local Government (Scotland) Act 1973 that there are reasonable grounds for not seeking a market rent.

The Disposal of Land by Local Authorities (Scotland) Regulations 2010.

Requirement to draw up the lease extension agreement.

6.4 HR

None

6.5 Equalities

None

6.6 Risk

Failure to extend the lease would compromise the R.N.L.I's ability to provide search and rescue facilities in the area.

6.7 Customer Service

None

Executive Director of Customer Services

Policy Lead: Alistair MacDougall

22nd February 2016

For further information contact: Alan Kay, Estates Surveyor; Telephone: 01436 657631

ARGYLL & BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

EXTRACT OF MINUTE OF BUTE AND COWAL AREA COMMITTEE HELD ON 7 JUNE 2016

5. NOTICE OF MOTION UNDER STANDING ORDER 13 (AGENDA ITEM 5)

The Committee agreed unanimously to suspend standing orders to hear a presentation by David MacKenzie, Cowal Fixed Link Working Group which provided an update and overview on the proposals for a fixed link in the Cowal Area.

The Committee considered the following Notice of Motion submitted under Standing Order 13 which was proposed at the meeting by Councillor Bruce Marshall and seconded by Councillor Michael Breslin –

Motion

That the Bute & Cowal Area Committee support the proposal by the Cowal Fixed Link Working Group to create a fixed link between the Cowal Peninsula and the Mainland and to recommend that A&BC take part in discussions along with the Scottish Govt., HIE and Hi Trans with regard to the feasibility of this project.

Proposer Cllr Bruce Marshall
Seconder Cllr Michael Breslin

Amendment

The Area Committee:

- Notes the proposal by the Cowal Fixed Link Group to create a fixed link between the Cowal Peninsula and the mainland;
- In noting this proposal, recognises that any future support would need to be viewed in the context of other strategic transportation matters such as improvements to the A83, A82, ferry services and other transport links between communities where many of these have more potential for short to medium term development and deliverability;
- Recognises the proposal as a longer term possibility and that there is still a considerable amount of work to be done to be able to assert that this is the best way to proceed;
- Agrees to recommend to the council that Argyll and Bute Council

participates with all other relevant partners in future discussions to assist with the delivery of what is clearly a national project.

Proposer: Councillor Dick Walsh

Seconder: Councillor Alec McNaughton

Decision

On a show of hands vote the amendment was carried by 5 votes to 3 and the Committee resolved accordingly.

(Ref: Notice of Motion by Councillor Bruce Marshall and seconded by Councillor Michael Breslin, dated 7 June 2016, submitted)

(Ref: Notice of Amendment by Councillor Dick Walsh and seconded by Councillor Alec McNaughton, dated 7 June 2016, submitted)

ARGYLL & BUTE COUNCIL**COUNCIL****CUSTOMER SERVICES****30 JUNE 2016**

EXTRACT OF MINUTE OF BUTE AND COWAL AREA COMMITTEE HELD ON 7 JUNE 2016

8. DUNOON 5 A SIDE PITCHES (AGENDA ITEM 8)

The Committee held a discussion regarding the 5 A Side Pitches and outstanding issues relating thereto.

The Committee along with members of the public raised concerns that no report had been provided for the meeting. The Area Committee Manager informed members that Roads and Amenity Services had advised no substantive update on the situation was available.

Brian Chennel, of Cowal Community Sports Group, informed the Committee of the poor condition of the pitch, changing room and flood lights and that the Group were currently looking at funding streams but are limited in accessing funding due to the conditions which applied to the funding previously accessed for the development of the facility.

Iain Ross, on behalf of Cowal Rugby Club, informed the Committee that he felt that insufficient financial management and governance of the facility historically required that the matter should be referred to the Council's Internal Audit team for consideration.

The Committee considered the following Notice of Motion submitted which was proposed at the meeting by Councillor Michael Breslin and seconded by Councillor Bruce Marshall –

Motion

This motion from the Bute and Cowal Area Committee seeks to resolve the problem of poor maintenance of the facility known locally as the Dunoon 5 a Side Cages. This motion moves that a request goes to the next full council meeting in June to allocate the necessary funds to fully refurbish the cages, including lighting, and to take the funds needed from council reserves (or existing budgets if funds are available). The motion further moves that this issue is referred to Internal Audit to investigate the management of the Dunoon 5 a Side Cages (including the council's relationship with Cowal Community Sports Project) from the date of award of the Sports Scotland grant till the present date.

Proposer: Councillor Michael Breslin

Secunder: Councillor Bruce Marshall

Amendment

That the Bute and Cowal Area Committee move to refer the item to full Council for investigation/ resolution and Internal Audit to investigate historical issues.

Proposer: Councillor Dick Walsh

Seconder: Councillor Alec McNaughton

Decision

On a show of hands vote the motion was carried by 5 votes to 4 and the Committee resolved accordingly.

(Ref: Notice of Motion by Councillor Michael Breslin and seconded by Councillor Bruce Marshall, dated 7 June 2016, submitted)

(Ref: Notice of Amendment by Councillor Dick Walsh and seconded by Councillor Alec McNaughton, dated 7 June 2016, submitted)

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